COST OF FLOTATION OF REGISTERED EQUITY ISSUES

1963 - 1965

March 1970

U.S.-- SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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WASHINGTON, D.C. 20549

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PREFACE

How much does it cost to sell new corporate securities? What factors affect these costs? Answers to these questions are of vital importance to corporations seeking external financing. In the case of small and/or new concerns, foreknowledge of these costs can be crucial. A given amount of capital is usually necessary to finance a new venture, and any shortfall in availability of funds could seriously impair the success of the venture or prevent its undertaking. Thus, because such companies usually have little in the way of surplus resources, the net proceeds of any financing must be considered sufficient for the successful undertaking of the project. Hopefully, the issuance of this report on the Costs of Flotation for Equity Securities will reduce the uncertainty associated with the issuance of securities.

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INTRODUCTION

The Commission some years ago issued statistical reports on the costs of issuing new securities; the last such report covered costs of flotation of securities issued during the years 1951, 1953 and 1955.1/ Since then the volume of new securities offered for sale by corporations in the United States has reached levels higher than at any time in our financial history. This study covers the costs of equity issues registered under the Securities Act of 1933 during the years 1963-65. It does not cover sales of small issues offered under Regulation A exemptions (restricted to issues with gross proceeds of $300,000 or less) and flotations of bonds, notes and debentures -- whether publicly offered or privately placed -- because of limited resources.

As an indication of the magnitude and changing composition of corporate financing in recent years, Table I shows the number and value of all securities registered with the Commission for cash sale from 1963 through the first half of 1969. Since the 1963-65 period covered by the present study, there has been a substantial increase in the volume of registered issues as well as a shift toward greater use of equity securities. In the three year period from 1963-65, there were 980 common stocks (including certificates of participation) registered with the Commission for cash sale for the account of the issuer valued at $5.4 billion compared to 1,892 issues valued at $7.7 billion in the most recent 18 months ending June 30, 1969. In addition, common stock, preferred stock and convertible bonds accounted for three-fourths in number and 40 percent of the proceeds of all securities registered for cash sale for the account of the issuer in the three years covered by this study. Over the past 18 months, however, these equities accounted for an increased proportion of both the number of issues and the dollar value of securities registered -- almost nine-tenths of the issues and over half the dollar value.

The costs covered in this study are those associated with the initial marketing of securities, i.e., the costs entailed in transmitting funds from the investors to the issuer. This cost is measured as the difference between the price paid by the investor (gross proceeds) and the net amount received by the issuer, after deducting: (1) compensation paid to securities dealers, finders and agents; and (2) expenses such as Federal and State fees, lawyers and accountants fees, printing and engraving costs, and other expenses connected with the preparation and issuance of securities. The report covers initial costs of flotation only. It does not attempt to measure or compare the net cost of raising capital. Consequently, costs not pertinent to the initial flotation, such as advertising charges for redemption notices or trustees' charges for continuing services, are not included. Moreover, this report attempts to cover cash compensation only. Noncash compensation such as options -- an important cost in the distribution of some small issues --

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1/ A list of the reports by title and date of publication is given on page 75.

Table 1

EFFECTIVE CORPORATE REGISTRATIONS FOR CASH SALE: 1963-1969

(Excludes foreign government issues, investment company issues, employees' savings plan certificates, warrants and certain miscellaneous issues; amounts in millions of dollars)

	1963		1964		1965		1966		1967		1968		1969 1/	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
For account of issuer 2/	475	5,275	522	5,871	598	6,951	625	10,526	1,006	17,154	1,464	14,722	1,137	10,075
Common stock 3/	280	1,007	324	2,559	376	1,811	324	2,265	466	1,935	1,009	3,890	883	3,840
Preferred stock	27	150	26	177	26	377	35	458	50	794	41	586	21	310
Convertible debentures	46	226	48	305	60	900	104	1,749	226	4,075	208	2,371	119	1,899
Other bonds, notes and debentures	122	3,892	124	2,892	136	3,863	162	6,054	264	10,350	206	7,875	114	4,026
For other than issuer	169	1,194	165	990	229	2,052	178	1,433	285	1,378	525	2,444	371	1,360

1/ First six months.

2/ Component parts of unit offerings are included in each of the categories, therefore number of issues and dollar amounts will differ from Table 2.

3/ Includes certificates of participation.

are omitted because of the practical problem of valuation.

The term "compensation" used throughout the report refers to amounts received by securities dealers, finders or agents for their services in merchandising securities and in furnishing financial advice. It includes payments for services performed by securities dealers of all types, irrespective of whether they act in the capacity of underwriters or agents. The frequency of its occurrence, the form it takes and, to some extent, the size of the payment relative to the size of the issue depends in large measure on the manner in which the corporation chooses to sell its securities -- whether it wants a public offering or a private placement -- and the role played by investment bankers or other securities dealers in these transactions. To place these factors in perspective, a brief description of the several methods of distribution is given in Appendix A.

Aside from compensation, numerous other expenses are associated with the preparation and issuance of new securities. These "other expenses" are direct out of pocket costs and are paid by the corporation issuing the securities; expenses of marketing securities are considered costs of the underwriter, finder or agent and are included under compensation throughout this study even when the issuers may show a separate expense allowance. Each of these items of "other expense" is described in Appendix B. In public flotations all of these items of expense may be present, while in privately-placed issues some of the expenses are absent and the nature of the services performed may be different than in a public flotation. While some of these expenses are fixed by law, such as the Federal issuance tax and the Securities and Exchange Commission registration fee, most of them vary according to kind of security and method of distribution.

Scope of the Report

This report covers the initial costs of flotation of all registered equity securities offered for cash sale during the years 1963-65; both those offered for sale by issuers (primary offerings) and those being sold by selling shareholders (secondary offerings). "Equity security" is the general term used to encompass those types of securities which represent evidence of ownership in a business, which are convertible into or which represent a call upon such securities.2/ The five most prevalent specific types of issues that fall under this general heading -- common stock,

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2/ The term "equity security" has been defined by the Commission in Rule 3a11-1 under the Securities and Exchange Act of 1934 as follows:

"The term 'equity security' is hereby defined to include any stock or similar security, certificate of interest or participation in any profit sharing agreement, preorganization certificate or subscription, transferable share, voting trust certificate or certificate of deposit for any equity security, limited partnership interest, interest in a joint venture, or certificate of interest in a business trust; or any security convertible, with or without consideration into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right."

certificates of participation, preferred stock, convertible bonds and unit offerings -- are described in Appendix C.

Registration Data for 1963-65. Each registration statement may include more than one of the above types of security issues, while each of the several types of security issues thus registered may include securities for more than one purpose, e.g., part for cash sale by the company, and the remainder for noncash purposes. Thus, the sum of the number of issues registered for each purpose under a given category of securities may exceed the total number of issues registered in that category.

Table 2 shows a breakdown -- by type of security and purpose of registration -- of the number of issues and dollar value of equity securities registered under the Securities Act during the years 1963-65. Tables A-1 through A-6 (pp.   ) show these data for each type of security by industry. During this three year period, 1,985 equity issues with a value of $17.5 billion were registered with the Commission. Of these, cash offerings for the account of the issuer and for the account of selling shareholders totaled $11.6 billion, or two-thirds of the dollar value of all registered equities, and such offerings were a part of almost nine-tenths of all issues. Common stock accounted for three-fourths of the number and dollar value of the $7.5 billion in equities registered for cash sale for the account of the issuer, and it was by far the largest single category of equities offered for cash during this period. Furthermore, among secondary offerings, common stock accounted for 95 percent of the issues in number and more than 98 percent of the dollar value. Of other types, only convertible bonds and preferred stock accounted for a significant proportion of dollar offerings.3/

Securities registered for other than cash sale were valued at $5.9 billion, or one-third of the dollar value of all equities, and these were a part of 41 percent of all registrations. Three-fourths of the issues registered for other than cash sale were common stock registered for the account of the issuer. Common stock accounted for over three-fourths of the dollar value of such issues. Securities registered for conversion made up two-thirds of the dollar value of all noncash common stock registrations. Securities registered to be exchanged for other securities -- usually in exchange for securities of another company in an acquisition or merger transaction -- was the second most important purpose for noncash registrations. In this category common stock accounted for roughly one-half of the dollar total, while convertible preferred stock made up an additional three-tenths of the total value.

Noncash registrations for the account of selling shareholders were $1.3 billion, or one-fifth of the dollar value of all noncash issues in the period studied. Such registrations are usually associated with two types of transactions: (1) Company A registers securities of Company B

3/ Preferred and convertible preferred stock issues are combined as in the subsequent analysis.

Table 2

EQUITY SECURITY ISSUES EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933 BY PURPOSE OF REGISTRATION AND TYPE OF SECURITY: 1963-1965

(Excludes investment company issues, employees savings plan certificates, warrants with the exception of those included as part of a unit offering and certain miscellaneous issues; amounts in thousands of dollars; sum of the number of issues may exceed the total number of issues because individual issues may include securities for more than one purpose.)

Purpose of registration	Common stock		Certificate of participation		Convertible preferred stock		Nonconvertible preferred stock		Convertible bonds		Unit offering		All issues	
	Amount	Issues	Amount	Issues	Amount	Issues	Amount	Issues	Amount	Issues	Amount	Issues	Amount	Issues
Total effectively registered....................	$13,773,536	1,506	$550,640	172	$744,865	42	$591,060	64	$1,635,087	150	$203,185	51	$17,498,373	1,985
For the account of the issuer................														
Cash sale..................................	4,973,057	804	377,066	147	183,562	19	508,806	52	1,350,143	132	130,825	50	7,523,459	1,204
Through securities dealers................	1,698,745	476	79,909	34	118,162	14	479,986	39	862,053	97	103,919	39	3,342,774	699
Direct by the issuer......................	229,800	151	295,912	112	1,000	1	28,820	13	7,532	8	6,743	7	569,807	292
Through rights offerings to security holders................................	3,044,512	177	1,246	1	64,400	4	0	0	480,557	27	20,163	4	3,610,878	213
Other than cash sale........................	3,530,420	476	171,619	74	519,945	21	72,302	10	222,115	12	58,452	35	4,574,853	628
Exchange transactions.....................	967,321	91	103,082	14	502,191	18	47,585	7	218,855	8	3,650	3	1,842,684	141
Reserved for conversion..................	2,222,973	201	0	0	9,044	1	2,689	2	1,907	1	40,061	26	2,276,674	231
Reserved for exercise of option...........	219,338	208	27,054	3	7,265	3	19	1	354	1	11,816	22	265,847	238
Other purposes...........................	120,787	56	41,483	57	1,444	2	22,009	2	1,000	3	2,925	3	189,648	123
For other than issuers.......................	5,270,132	668	1,955	3	41,359	3	9,951	4	62,828	13	14,028	10	5,400,254	701
Cash sale..................................	4,090,961	540	147	1	866	1	4,643	2	19,464	2	11,292	8	4,127,373	554
Other than cash sale.......................	1,179,171	166	1,808	2	40,492	3	5,308	2	43,365	11	2,737	3	1,272,881	187

to be exchanged for either its own securities or for the securities of a third firm, or (2) an individual holder registers securities which he plans to sell from time-to-time (as market conditions may permit).4/

Coverage. This study covers the cost of flotation of all equity securities registered for immediate cash sale during the years 1963-65, whether they were primary or secondary offerings.5/ It includes the cash portions of all such issues. It excludes the noncash portions of issues and their associated expenses. The only reason for which any cash offerings may be excluded from the following analysis and tables is that the number of issues in a given sub-category may have been so small as to preclude meaningful analysis.6/

Accordingly, the coverage of the current study differs markedly from the equity coverage in the last cost of flotation study. That study covered only two of the equity instruments separately, common and preferred stock. Convertible bonds were included with all other public bond offerings and certificates of participation and unit offerings were excluded either because of their method of distribution, or because in the case of unit offerings, it was impossible to distinguish between costs associated with the several individual types of securities packaged together. Moreover, issues offered directly to the general public rather than through securities dealers were excluded; common stock issues offered first to shareholders through subscription rights for the year 1955 were the only exception to this rule. In addition, that study excluded issues that consisted entirely of a secondary offering and those in which the secondary portion of any issues were greater than half of the total cash offering. A small number of primary issues were also omitted in that study because the noncash portion of the issues registered was considered unduly great.

Issue size classifications for this study were based on the same method used in previous cost of flotation studies. The size of each issue was determined by the sum of the gross cash proceeds of the primary and secondary

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4/ See Rule 133 under the Securities Act of 1933.

5/ Securities offered for extended cash sale are excluded from this study and from the data shown in Table I. For types of issues excluded see headnote Table I.

6/ Number and dollar value of primary issues not presented in tables due to the limited number of issues are: (1) preferred stock, 14 issues offered directly with proceeds of $30 million, and 4 rights offerings with proceeds of $64 million; (2) convertible bonds, 8 issues offered directly with proceeds of $7.5 million; (3) certificates of participation, one rights offering with proceeds of $1.2 million; and (4) unit offerings, four rights offerings with proceeds of $20 million and seven issues offered directly with proceeds of $6.7 million. In addition, secondary cash offerings, other than common stock, are excluded from the analysis due to the small volume of these security types. See Table I for the breakdown of these issues by number, dollar value and security type.

portions of the issue combined. This was done because expenses of those issues that contained both primary and secondary offerings were proportional to the relative size of the two segments. In the following analysis data are not shown separately for each of the three years covered because no material difference in costs during the period was found. Costs of flotation of secondary issues are analyzed only in the case of common stock issues. Total cost, compensation and other expenses are analyzed separately for primary and secondary common stock issues; rates of compensation are analyzed in even greater depth for primary and secondary issues combined. Coverage is limited for detailed items of other expenses because it was not possible in many cases to ascribe these items to the cash offering portion of an issue.

Throughout this report costs have been expressed as a percentage of gross proceeds of the issue in order to facilitate comparison. The percentages given in the text and tables for each category of issues are arithmetic averages derived by dividing the amount of compensation or expenses by the gross proceeds of issues within each cell.

COMMON STOCK

Aside from the method of distribution, previous costs of flotation studies have shown that flotation costs are influenced primarily by the size of the issue and by the asset size of the company offering the security. It was found that there is an inverse relationship between these two factors and the relative costs of selling an issue; i.e., as issue size or asset size increase, costs of flotation expressed as a percent of gross proceeds decrease. To a large extent these relationships were found to exist whether total costs were considered or whether compensation and other expenses were examined separately. With reference to other expenses, however, asset size alone had little impact. While analyses of data on issues offered during the years 1963-65 indicate that these relationships were present in that period also, they also show that price of issue played at least an equally important role in determining costs.

Primary Offerings Through Securities Dealers.

In the years 1963-65, there were 476 primary issues of common stock with gross proceeds of $1.7 million offered for cash sale to the public through securities dealers. Such issues accounted for 59 percent in number and 34 percent in value of all primary common stock offerings during this period. These offerings include both those issues offered on a firm commitment basis (underwritten) and those offered on a best-efforts basis.

Analysis of data on costs of flotation for these common stock issues reveals a steady downward trend in both compensation and other expenses (expressed as a percent of gross proceeds) as the size of the issue increases. (See Table B-1, p.   .) This strongly suggests that in order to bring new securities to market there are certain elements of minimal costs, and

that thereafter some of these costs do not increase much or at least not in proportion to the increasing size of the issue. Most of the costs incurred in preparing a registration statement and prospectus (other expenses of issuance) such as legal, accounting and engineering fees would fit into this category. With regard to compensation, most of the costs incurred by securities dealers in origination of issues are relatively fixed, and hence the larger the issue, the greater the dollar proceeds over which these costs can be spread. Moreover, as will be subsequently demonstrated, issues of firms seeking their first market exposure tend to be relatively small, while the issues of the better known firms with a ready market for their securities are usually larger. Accordingly, since there is usually more underwriting risk and greater selling effort required for the new vis-a-vis the seasoned issues, there is a valid basis for expecting the rate of compensation to fall as the size of the issue increases.

Likewise, as the asset size of the firm increased, there was a general tendency, though not as pronounced as in the case of issue size, for costs of flotation (expressed as a percent of gross proceeds) to decline. (See Table B-2, p.) There was a perceptible decline in the average rate of compensation paid as the size of the firm rose; however, most of this drop appears to be associated with the close relationship between size of firm and size of issue. Generally speaking, as can be seen in Table B-3 (p.) the larger the asset size of the issuer the greater the dollar size of the issue. Nevertheless, the asset size of the firm appears to have had some influence on the rate of compensation. In those cases where firms in two different asset size categories offered issues of approximately the same dollar amount, compensation as a percent of proceeds was usually less for the larger firms. This probably reflects the fact that, because the larger firms are usually better known, are more likely to have their stock listed on a stock exchange or have an active over-the-counter market, they are likely to have a better market reception. Therefore, the securities dealer is assuming relatively less risk in marketing issues of larger firms. This tends to reduce the rate of compensation paid dealers as the asset size of the issuing firm increases. The inverse relationship between decreasing costs and increasing asset size was limited to compensation. Other expenses of issuance showed no consistent relationship to asset size.

The rates of compensation and of other expenses were both lower for firms in the public utility-communication industries than for companies in other industries. Otherwise, when allowance is made for differences in issue and asset size, flotation costs varied only slightly from industry-to-industry. Although insufficient data were available to fully measure the relative investment quality of issues in the various industry categories, most commonly used yardsticks place issues in the public utility-communications category high on the list because of the stability of their operations. Moreover, stocks of these companies are more likely to have an active pre-existing market than are other issues, leading to wider investor knowledge and interest. Apparently, the combination of these two factors lessen the required selling effort vis-a-vis most issues in other industries, resulting in increased interest among investment bankers to obtain underwritings on

these issues, and thus, lower rates of compensation. The lower rate of other expenses incurred by firms in this category may be related to the regulatory requirements on the day-to-day operations in this grouping. At least in regard to accounting costs, it is probable that much less work had to be done here than by nonregulated firms in order to obtain registration and in preparing a prospectus. Further, the steady stream of registrations of equity and debt securities by these firms means that updating of information is less difficult. Also, these firms are usually exempt from most state Blue Sky regulations and the associated fees.

Trends in Costs of Flotation. The rate of compensation paid on new offerings of common stock fell sharply between the early post-war period and 1965 on all size categories of issues, as shown in Table 3. When compared with rates in the 1951-55 period, the fall-off in the compensation rate was confined to issues with gross proceeds of less than $5 million. However, rates on offerings of $5 million or larger in the latest period were still lower than in the period immediately following World War II. Furthermore, because of variation in the composition of the issues for the larger size groupings, it is difficult to assess which of the rates in the two latest periods are more representative. There was a steady rise in other expenses of issuance, expressed as a percent of proceeds throughout the twenty year period. Nevertheless, the drop in rates of compensation was greater than the rise in other expenses. Consequently, total costs of flotation per dollar of offerings declined materially.

The trend toward lower rates of compensation reflects in large part the effects of the fundamental changes that were taking place in the market for stocks during this period. As equities became more attractive relative to fixed income securities, particularly for large investors, the marketing risk in selling new issues apparently lessened.

Savings of individuals were growing at a rapid rate during this period with most of the increase channeled into equity oriented institutional investors. The open-end investment companies, which invest the bulk of their funds in common stock, expanded nearly thirty fold as investors of moderate means attempted to insulate their savings from the effects of inflation and to participate in the growth of corporate earnings and associated rising investment. During this same period, private noninsured pension funds experienced an even greater growth. Moreover, a shift in investment philosophy took place among pension fund managers in the mid-1950's, and thereafter an increasingly larger share of their inflows of funds were invested in stocks.

Thus, these two institutions along with an expanding group of other financial intermediaries 7/ played an increasingly larger role in the

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7/ These other institutions encompass life insurance companies, property and casualty insurance companies, banks, state and local trust funds, fraternal organizations and other investment companies.

Table 3

TREND IN COSTS OF FLOTATION ON PRIMARY COMMON STOCK ISSUES OFFERED THROUGH SECURITIES DEALERS: 1945 - 1965

Size of issue (In $ Millions)	Number of issues			Total costs as % of proceeds			Compensation as % of proceeds			Other expenses as % of proceeds		
	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965
Under 0.5	16	13	50	24.1	27.2	18.5	19.6	21.0	11.3	4.5	6.2	7.3
0.5 - 1.0	56	43	60	18.3	21.8	14.6	15.2	17.1	9.7	3.2	4.6	4.9
1.0 - 2.0	74	60	117	14.0	13.6	11.6	11.8	11.3	8.6	2.2	2.3	3.0
2.0 - 5.0	62	62	142	10.0	10.0	9.1	8.6	8.5	7.4	1.4	1.5	1.7
5.0 - 10.0	31	24	69	8.3	6.2	7.6	7.4	5.3	6.7	1.0	.9	1.0
10.0 - 20.0	13	17	24	7.2	4.7	6.9	6.6	4.2	6.2	.6	.5	.6
20.0 - 50.0	5	11	11	8.3	5.4	5.6	7.8	5.0	4.9	.5	.4	.8
50.0 and over	0	0	3	---	---	2.6	---	---	2.3	---	---	.3
All Issues	257	230	476									

Source: Cost of Flotation, 1945-1949, Securities and Exchange Commission, Washington, D. C., p.18, Table II.

1951-1955 data includes issues for the years 1951, 1953, and 1955 only. (See Cost of Flotation of Corporate Securities, 1951-1955, Securities and Exchange Commission, U. S. Government Printing Office,

market for stocks during the period 1946-65. Net acquisition of stocks by these financial institutions grew more than sevenfold in this twenty year period.8/ Also, although their acquisitions averaged only one-half of the net new supply of stock in the period 1946-50, (gross new stock issues less corporate retirements) they were nearly five times the net change in outstandings during 1961-65. Data for the period are given below, while Figure 1 on the next page graphically displays the widening gap between institutional acquisition of stocks and net new issues.

	1946-50	1951-55	1956-60	1961-65
	(5 year averages in $ billions)			
Net acquisition of stock by institutions	.6	1.3	2.8	4.4
Net new domestic stock issue	1.2	2.1	2.3	.9

While financial institutions were assuming a greater role in the market, the number of individuals directly owning stocks also expanded markedly. The five Shareowner Census Surveys conducted by the New York Stock Exchange reveal that the number of individuals owning stock in the United States grew from 6.5 million in 1952 to 20.1 million in 1965, an increase of 210 percent in the short time span of 13 years.9/ As a result, one out of every six adult Americans had a direct participation in the market in 1965, compared with one out of sixteen in 1952. The combination of these factors both broadened and deepened the market for stocks and undoubtedly eased the burden of marketability of new issues, with an accompanying reduction in underwriting risks.

Best Efforts versus Underwritten Distributions. Of the 476 new common stock issues offered through securities dealers, 105 issues with gross proceeds of $236 million were best-efforts distributions and 371 issues aggregating $1,463 million were underwritten offerings. For most of the best-efforts offerings (92 percent), there was no previously established market, while in contrast, there were well established markets for fully three-fourths of the underwritten issues. In fact, one-fifth of the issues in the latter group were listed on one of the registered stock exchanges.

As shown in Table 4, there were material differences between these two methods of distribution in both compensation and other expenses expressed as a percent of gross proceeds. Compensation rates were usually higher on best-efforts than on underwritten distributions. In contrast to

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8/ Both common and preferred stocks.

9/ New York Stock Exchange, 1968 Fact Book (New York, New York, 1968), p. 40.

Figure 1

COMPARISON OF NET STOCK ACQUSITIONS
BY FINANCIAL INSTITUTIONS WITH NET NEW STOCK ISSUES
1946 - 1965

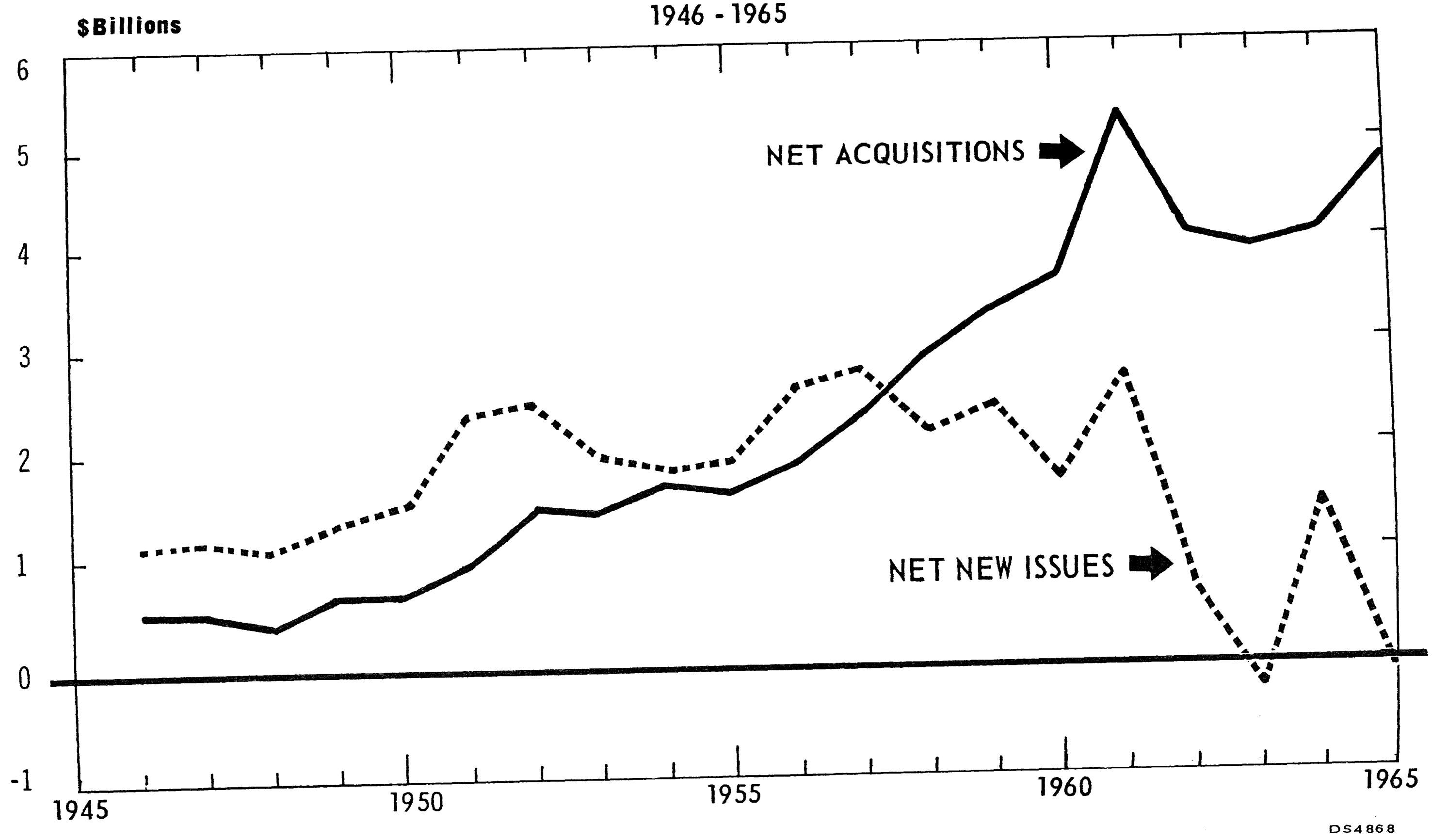

Table 4

UNDERWRITTEN COST VS. BEST EFFORTS DISTRIBUTION COSTS BY SIZE OF ISSUE: 1963-1965

Primary common stock issues offered through security dealers

Size of issue ($ millions)	Number		Total costs as a % of proceeds		Compensation as a % of proceeds		Other expenses as a % of proceeds	
	Best-efforts	Underwritten	Best-efforts	Underwritten	Best-efforts	Underwritten	Best-efforts	Underwritten
Under 0.5	26	24	19.3	17.3	12.2	10.0	7.0	7.4
0.5 - 1.0	15	45	14.7	14.6	10.4	9.4	4.3	5.2
1.0 - 2.0	24	93	10.7	11.8	8.3	8.7	2.4	3.1
2.0 - 5.0	23	119	9.7	9.0	8.0	7.3	1.7	1.7
5.0 - 10.0	12	57	10.0	7.0	9.3	6.0	.7	1.0
10.0 - 20.0	5	19	10.8	5.7	10.3	5.0	.5	.7
20.0 - 50.0	0	11	--	5.6	--	4.9	--	.8
50.0 - 100.0	0	2	--	3.2	--	2.9	--	.3
100.0 - 500.0	0	1	--	2.3	--	2.0	--	.3
500.0 and over	0	0	--	--	--	--	--	--
Total issues	105	371						

firm-commitments, however, compensation did not appear to decline once the issue size exceeded $2 million.

One explanation may be that new offerings of well-established firms invariably reach the market via a firm-commitment agreement. Underwriters also appear willing to assume the risks on many firms that have been in business for only a few years but have bright prospects. Offerings of the new firm or one which has had some problems, on the other hand, rarely can find an investment banker willing to bear the risk and generally settle for a best-efforts distribution. This latter type contract does not subject the dealer to any loss of capital, but if the issue is not successful, no compensation is paid until a minimum level of sales in attained. Hence, the entire burden of selling a best efforts issue usually falls on one dealer alone. On the other hand in an underwritten distribution, the selling group is usually expanded as the size of the issue rises. As a result, pure selling costs probably increase on best-efforts issues as the issue size gets larger, possibly offsetting at some point the effect of the economies of size on origination costs.

Other expenses of issuance expressed as a percent of proceeds declined with size of issue on both types of distribution. However, these costs were greater for underwritten than for best-efforts offerings. While there were listing fees on some of the underwritten issues, there were none on the best-efforts issues. Also, underwritten issues are usually registered in more states than are best-efforts issues so that these costs are probably higher on the former. Yet differences in these costs are not adequate to explain why the average cost of other expenses should be greater on underwritten than on best-efforts distribution.

The bulk of the best-efforts issues were of new or relatively recent ventures, while virtually all of the underwritten issues were of firms with some operating history. Accounting fees are a very important item of other expenses. The workload of the accountant in preparing exhibits and certification of financial statements incident to the registration of new securities and their subsequent offering to the public is presumably much less for a young firm than is required for a company with a long operating record. Accordingly, one would expect that at least insofar as accounting costs are involved, that this cost per dollar of offering would usually be less for the best-efforts offerings.

As stated earlier, compensation as defined for this report consists entirely of cash compensation. Noncash compensation, however, may be a very important consideration when selling new securities. However, the incidence of this type of compensation probably varies considerably over time with shifts in the nature of market demands.

In the new issues market of 1959-61, noncash compensation was very important. The nature of the market at that time undoubtedly influenced the shape and form of compensation. Referring to this period, the

Commission's Special Study stated:

> "During the years 1959-61, the belief that new issues would go to an immediate premium caused many broker-dealers to seek an equity interest in issuers whose stock they underwrote. Thus, it became a common practice for participants in underwritings of new issues to acquire options, warrants, or cheap stock, either as part of their underwriter's compensation or in connection with interim financing of issuers prior to the offerings. Such equity interests of underwriters and selling group members contained potentialities of control and manipulation of the after-market. . ."

One-third of all registered common stock issues of over $300,000 in 1960 and two-fifths of the 1961 issues included such compensation. For smaller issues the incidence of noncash compensation was even greater. In contrast, only one-eighth of similar sized issues offered in 1953 and one out of a hundred offered in 1949 involved noncash compensation.10/ The incidence of this type of compensation in the 1963-65 period, was most comparable to that in 1953 as shown by Table 5. In the later period non-cash compensation was given to the dealer making the offering on 12 percent of all stock offerings; i.e., in 21 percent of the best-efforts distributions and in 11 percent of the underwritten offerings. It should be noted that noncash compensation was most prevalent on issues with no pre-existing market and that in only four cases were the warrants or options used exercisable at a price below the offering price.

Secondary Offerings. In the 1963-65 period there were 457 secondary offerings of common stock for immediate cash sale with gross proceeds of $3.7 billion sold through securities dealers. Only 14 of these offerings were best-efforts distributions, and the 443 underwritten issues accounted for roughly 99 percent of the value of all secondaries.

It is common practice to include both primary and secondary offerings in a single registration and the two portions are offered jointly as a single issue. Nearly one-half of the primary offerings through securities dealers had an offering for selling shareholders attached, and such offerings accounted for about two-fifths of the secondaries. The proceeds of such offerings accruing to selling shareholders, however, made up hardly more than one-tenth of the dollar value of all secondaries. Thus, the vast bulk of the value of all secondaries involved those issues that were pure secondaries.

10/ Securities and Exchange Commission, Report of Special Study of the Securities Market, Part I (U.S. Government Printing Office, Washington, D. C.: 1963) pp. 505-506.

Table 5

INCIDENCE OF NONCASH COMPENSATION ON COMMON STOCK ISSUES OFFERED THROUGH SECURITIES DEALERS: 1963-1965

(Number of issues classified by market place of issuer)

		Exercise price			
Pre-existing market	None	Below offering price	At offering price	Above offering price	Tot
		Best efforts distribution			
Registered exchange	0	0	0	0	
Over-the-counter	6	0	2	0	
None	77	4	10	6	9
Total	83	4	12	6	1
		Underwritten distribution			
Registered exchange	74	0	0	3	
Over-the-counter	186	0	7	12	2
None	70	0	8	11	
Total	330	0	15	26	3

As shown in Tables B-4 and B-5, both compensation and other expenses on secondary offerings appeared to show the same relationship to size of issue and of firm as was the case for primary offerings. Moreover, although it appears that these rates may be somewhat lower on secondary than on underwritten primary offerings, the differences are large only on issues with proceeds of less than $2 million. (See Table 6) Where differences exist, they appear to be attributable to either a wide disparity between the number of issues in a given cell grouping, or to the characteristics of the issues in that cell rather than to the fact that they were primary or secondary offerings.

In the case of offerings consisting of primary and secondary issues combined, the data show that compensation as well as other expenses were apportioned between the two segments strictly on a proportional basis. Because the size groupings used in this study were determined on the basis of the aggregate cash offering--primary and secondary combined--no differences exist among comparable sized groups of these segments of offerings. Accordingly, any difference between rates of compensation on primary and secondary offerings must be derived from those offerings which were sold for the firm only or strictly for the benefit of selling shareholders. The obvious major difference that materialized in these two groupings is the extent to which the corporations had stock listed on a registered exchange prior to the offerings. Only one-fifth of the underwritten offerings that had all or part of their proceeds accruing to the corporation were so listed, but slightly in excess of one-half of the pure secondaries were listed. Insofar as an exchange listing broadens investor knowledge and interest in an issue and is restricted to issues of minimum quality standards, it could be expected that this factor might lessen underwriting risk and expedite the marketability of the issue, leading to lower rates of compensation than on unlisted issues. With reference to the smallest size categories, it should be noted that small primary offerings of well established, high quality firms were virtually non-existent, whereas, there was a liberal sprinkling of such pure secondaries in these size categories. A major factor that might account for lower rates of other expenses on some secondaries is that part of the fees associated with new issues will already have been paid on these outstanding shares.

<u>Effects of Pre-existing Market and Price of Issue on the Rate of Compensation</u>. Undoubtedly the most important factors in determining the rate of compensation required to underwrite an issue of common stock are those underlying the risks involved in selling an issue. In this context, the greater the marketing problem, the greater the risk assumption and the higher the rate of compensation that must be attained; the opposite should also hold true--easy marketability assumes less underwriting risk and a presumably lower rate of compensation. What factors then determine the ease or difficulty of selling an issue?

It seems obvious that the factors discussed so far are not adequate to such a determination. However, quality alone is also not necessarily

Table 6

COST OF PRIMARY VS. COST OF SECONDARY COMMON STOCK ISSUES BY SIZE OF ISSUE: 1963-1965

Size of issue ($ millions)	Number of issues		Total costs as a % of proceeds		Compensation as a % of proceeds		Other expenses as % of proceeds	
	Primary*	Secondary	Primary*	Secondary	Primary*	Secondary	Primary*	Secondary
Under 0.5	24	16	17.3	12.7	10.0	9.4	7.4	3.3
0.5 - 1.0	45	31	14.6	11.6	9.4	8.2	5.2	3.4
1.0 - 2.0	93	104	11.8	10.4	8.7	7.8	3.1	2.6
2.0 - 5.0	119	150	9.0	8.3	7.3	6.7	1.7	1.6
5.0 - 10.0	57	82	7.0	6.8	6.0	5.8	1.0	1.0
10.0 - 20.0	19	50	5.7	5.4	5.0	4.7	.7	.7
20.0 - 50.0	11	17	5.6	4.8	4.9	4.2	.8	.6
50.0 - 100.0	2	1	3.2	.1	2.9	.3	.3	.3
100.0 500.0	1	6	2.3	3.4	2.0	3.2	.3	.2
500.0 and over	0	0	---	---	---	---	---	---
Total issues	371	457						

an adequate determinant if there is not widespread knowledge of the firm's activities and its prospects. Lack of a fluid secondary or trading market for a stock impairs the ability of investors to dispose of it at will at a reasonably known price. It seems reasonable to expect, therefore, that the breadth and depth of the market and/or lack thereof for an issue prior to the offering may play an important role in the decisions made by investors, and that this factor will be an important determinant of underwriting compensation. Adequate information on all of the factors determining quality of an issue is not available to make an assessment of quality for this study even if such an assessment were possible. Nevertheless, it has usually been assumed that there is consistently more demand for the better quality issues and that such issues sell at higher prices. With respect to compensation rates, it has been suggested that the price of issues is an important factor in determining the rate of compensation.11/

An assessment was made of the influence of a pre-existing market and of the price of the issue on the rate of compensation paid in common stock offerings. The analysis covered all negotiated underwritten issues--both primary and secondary offerings.12/

Issues were placed in three separate subsets: (1) issues listed on a registered stock exchange at the time the registration became effective;13/ (2) issues in which an active over-the-counter market existed prior to the offerings; and (3) those issues for which there was no apparent market.

11/ Mendelson, Morris, "Underwriting Compensation," in Investment Banking and the New Issues Market (The World Publishing Co., Cleveland, Ohio) pp. 434-437.

12/ Primary offerings alone were not used for the following reasons: First, half of the offerings that included proceeds for the company also included some for selling shareholders. Second, the available evidence indicates that it makes no difference to an underwriter whether an offering is a new issue or for selling shareholders in determining the compensation. This is not to say that investors are not concerned about possible dilution through the issuance of a relatively large amount of new stock-- the announcement effect of a new issue will be reflected in the market price of the issue--but only that for a specific issue of a given size and quality it is not a consideration in setting the rate of compensation. Third, the inclusion of pure secondaries, which are largely listed issues, served as a good proxy in broadening the listed group.

13/ Stock exchanges registered under the Securities and Exchange Act of 1934 at the end of 1965 were: American Stock Exchange, Boston Stock Exchange, Chicago Board of Trade, Cincinnati Stock Exchange, Detroit Stock Exchange, Midwest Stock Exchange, National Stock Exchange, New York Stock Exchange, Pacific Coast Stock Exchange, Philadelphia-Baltimore-Washington Stock Exchange, Pittsburgh Stock Exchange, Salt Lake City Stock Exchange, San Francisco Mining Exchange and Spokane Stock Exchange.

This latter grouping included not only those stocks for which this was their first public equity financing but also offerings of previously closely held firms in which there may have been an occasional transaction but no continuous market. These three subsets were further classified by size of issue and price of issue. The results are shown in Table 7 on the following page.

An examination of these data shown in Table 7 reveals that altering size of issue only, the rate of compensation varies inversely with the size of issues in all three market subsets. Further, compensation per dollar of offering was lower for listed issues than for either issues actively traded over the counter or for those with no apparent market in every size category. Also, with only one minor exception, the rate of compensation on issues traded over the counter was lower than for issues with no apparent pre-existing market in each size grouping. When issues are classified on the basis of both price and size, however, these differences largely disappeared.

Prices of first public offerings of relatively new firms tended to be set below $10 a share during the period of this study. Two-thirds of the issues with no apparent pre-existing market were clustered in the price range of $10 or less a share, and 95 percent of the issues in this market subset were priced under $20.01. Underwriters appear to have set prices of new market entries in these lower price ranges to enhance the prospects of a successful after-market. Higher prices might make it impossible to satisfy enough customers and a thin after-market would develop. The potential gyrations in prices in such a market might conceivably adversely affect the firm's ability to obtain more funds in the future and its potential could thus be twarted.

Generally speaking, as a firm matures its earnings grow and its prospects brighten, these factors will be reflected in a higher market price for its stock. Hence, the stocks of well-established firms tend to trade in the more popular, intermediate price range. Moreover, as companies mature most of them seek a listing for their stock on one of the registered stock exchanges. The minimum requirements for original listing on most exchanges preclude listing of stocks selling in the lowest price range at least, even though some stocks drop into this range after being listed.

Reflecting these factors, fully seven-tenths of the O-T-C issues and three-fifths of the listed were clustered between $10.01 - $40.00 a share. Only one-fourth of the issues which had previously traded over the counter were priced at $10 or less, while only one-tenth of the listed issues were so priced. One-fourth of the listed issues were priced at over $40 a share, but only a minute portion of the O-T-C issues fell into this price category.

Table 7

RATES OF COMPENSATION PAID BY SIZE OF ISSUE,
PRICE PER SHARE AND PRE-EXISTING MARKET: 1963 - 1965

(Primary and Secondary Negotiated Underwritten Cash Offerings of Common Stock

	NUMBER OF ISSUES							COMPENSATION AS PERCENT OF PROCEEDS						
	Price of Issues							Price of Issues						
Size of Issue ($ Millions)	Under $5.00	$5.01-10.00	$10.01-20.00	$20.01-40.00	$40.01-100.00	$100.01 & over	All Issues	Under $5.00	$5.01-10.00	$10.01-20.00	$20.01-40.00	$40.01-100.00	$100.01 & over	All Issues
PART I: Registered Exchanges														
Under 0.3	0	0	1	0	1	0	2	--	--	5.5	--	3.0	--	3.9
0.3 - 0.5	1	3	0	0	0	0	4	11.1	9.8	--	--	--	--	10.1
0.5 - 1.0	0	5	4	1	1	0	11	--	8.9	7.2	6.1	2.9	--	7.6
1.0 - 2.0	3	7	12	9	2	0	33	9.3	8.8	7.1	5.4	5.5	--	7.0
2.0 - 5.0	0	2	27	29	5	0	63	--	7.7	7.5	5.2	3.9	--	6.1
5.0 - 10.0	0	1	9	25	8	0	43	--	9.0	7.0	4.9	4.0	--	5.2
10.0 - 20.0	0	0	6	10	19	0	35	--	--	6.9	4.8	3.5	--	4.4
20.0 - 50.0	0	0	0	2	13	0	15	--	--	--	4.9	3.6	--	3.8
50.0 - 100.0	0	0	0	0	2	0	2	--	--	--	--	1.7	--	1.7
100.0 - 500.0	0	0	0	0	4	1	5	--	--	--	--	3.1	2.8	3.0
500.0 & over	0	0	0	0	0	0	0	--	--	--	--	--	--	--
Total Issues	4	18	59	76	55	1	213							
PART II: Over the Counter														
Under 0.3	5	1	2	0	0	0	8	11.6	8.5	7.6	--	--	--	10.0
0.3 - 0.5	3	1	1	0	0	0	5	13.3	10.0	8.3	--	--	--	11.7
0.5 - 1.0	5	16	5	2	0	0	28	9.8	9.3	7.5	4.5	--	--	8.6
1.0 - 2.0	4	31	38	8	1	0	82	9.4	9.2	8.4	6.3	5.0	--	8.5
2.0 - 5.0	5	11	71	37	1	0	125	9.1	8.6	7.5	6.3	5.0	--	7.3
5.0 - 10.0	1	5	21	28	4	0	59	11.7	7.4	6.6	6.0	4.3	--	6.3
10.0 - 20.0	0	0	1	12	3	1	17	--	--	4.8	5.6	5.5	5.0	5.5
20.0 - 50.0	0	0	2	1	1	0	4	--	--	6.6	7.0	3.7	--	5.8
50.0 - 100.0	0	0	0	0	0	0	0	--	--	--	--	--	--	--
100.0 - 500.0	0	0	0	0	0	0	0	--	--	--	--	--	--	--
500.0 & over	0	0	0	0	0	0	0	--	--	--	--	--	--	--
Total Issues	23	65	141	88	10	1	328							
PART III: No Apparent Market														
Under 0.3	5	0	0	0	0	0	5	10.0	--	--	--	--	--	10.1
0.3 - 0.5	3	6	1	0	0	0	10	10.0	9.0	8.0	--	--	--	9.2
0.5 - 1.0	8	18	1	0	0	0	27	9.6	9.6	7.0	--	--	--	9.5
1.0 - 2.0	1	25	9	0	0	0	35	9.0	9.1	8.3	--	--	--	8.9
2.0 - 5.0	0	0	15	1	1	0	17	--	--	7.9	8.0	6.1	--	7.7
5.0 - 10.0	0	2	4	3	0	1	10	--	10.0	7.4	6.8	--	5.0	6.8
10.0 - 20.0	0	0	1	1	0	0	2	--	--	5.9	5.9	--	--	5.9
20.0 - 50.0	0	0	3	0	0	0	3	--	--	9.6	--	--	--	9.6
50.0 - 100.0	0	0	0	0	0	0	0	--	--	--	--	--	--	--
100.0 - 500.0	0	0	1	0	0	0	1	--	--	2.0	--	--	--	2.0
500.0 & over	0	0	0	0	0	0	0	--	--	--	--	--	--	--
Total Issues	17	51	35	5	1	1	110							

Disregarding a few instances in which there were only a few issues in a cell, there were basically no differences in the rates of compensation for issues selling for $10 or less a share when examined for effect of either pre-existing markets or size of issue. The first material differences appeared in the $10.01 - 20.00 price range, and even there size of issue appears to have a limited effect, if allowances are made for the small number of issues in some cells.

Turning to the issues with no apparent pre-existing market alone, the number of issues marketed at prices over $20 a share was so limited that it was impossible to draw any conclusions. The few issues that were offered in the higher-price categories show a close relationship between size of issue and price of issue. In all probability this market grouping is the only one in which price of issue can be determined independently in view of the lack of firm market prices prior to the offering. Still in the higher price ranges, the firms for which issues were offered were large and well-known. Therefore, despite the absence of a pre-existing market, there was a firm basis for pricing these stocks and presumably little difficulty in placing them with investors. It should be noted that the $200 million issue of Communications Satellite Corporation stock, which was sold at $20 a share in June 1964, was included in this grouping. The 2.0 percent compensation rate obtained by the underwriters was drastically out of line with the rates on other comparably priced issues in any market grouping and lower than for all but two higher-priced listed secondary offerings of universally accepted quality issues. Of course it must be remembered that this firm was chartered by Congress, its prospects were considered glamorous, the selling syndicate was the largest in underwriting history and the pre-offering demand for the issue was so large that investors received only partial allotments.

Aside from the two lower price ranges of the listed and over-the-counter issues, there was a perceptible decline in the rate of compensation in each size category as price of offering rose. Moreover, with only minor exceptions, which were small pure secondary offerings of medium priced issues, size of issue appeared to be closely related to price of offering. That is to say, size and price of offering move in the same direction, the larger the issue the higher its price. Consequently, from these observations for the years 1963-65 it would seem that price of issue may be at least as important a determinant of the rate of compensation as is the size of the issue. The pre-existing market alone, on the other hand, appears to have only a marginal bearing on the rate of compensation.

The clear relationship between offering price and the rate of compensation tends to reflect an inverse relationship between marketing risk and seasoning or maturation of issues. Also out-of-pocket selling costs are less for higher-priced issues. In any given size category, the higher the price of the issue the smaller the number of shares to be sold and usually the fewer the expected number of transactions. Moreover, the commissions allowed salesmen tend to be related to the New York Stock

Exchange commission rate scales, which are themselves geared to stock prices. As a result, the selling costs for low-priced issues tend to be higher than for higher-priced issues, and this factor is presumably reflected in the underwriting spread.

While the data suggest that the impact of the pre-existing market on the rate of compensation is somewhat limited, even this conclusion cannot be fully supported because of our lack of knowledge of comparability of issues in the three market grouping subsets. Although price of issue can be used to some extent as a proxy for a quality judgment, it is far from infallible. We have no information on price-to-earnings ratios, lividends, trend in earnings, etc. Consequently, it is possible that if ve had full comparability of issues, that the trading market might have n important effect on the price of the issue and therefore have a more ignificant impact on the rate of compensation than the data suggests.

irect Offerings of Common Stock

The 151 common stock issues offered directly to the public by selling orporations in the 1963-65 period had gross proceeds of $230 million. hile nearly one out of every five primary offerings made during the period as offered direct, such issues accounted for only five percent of the ash proceeds of all primary stock offerings. As shown in Tables B-6 and -7, the bulk of these offerings was concentrated in small issues of small irms. Approximately three-fourths of the offerings consisted of issues f under $2 million in issue size, and four-fifths of the issues were ffered by companies with assets of less than $5 million. The financial ndustry accounted for nearly half the issues and for almost three-fifths f the dollar volume.

Only about one-fifth of the direct offerings had any compensation ssociated with their issuance. Such offerings do not utilize the services f securities dealers. Therefore, compensation is not paid to persons who pecialize in selling securities, but rather a fee is paid by the company ssuing the securities to persons authorized to distribute the issue. n many cases, these persons were normally employed in another capacity the firm and were paid supplemental fees for their selling effort.

Direct issues of common stock are characterized by considerable vari- ions in compensation rates paid; however, the sample of 33 issues involving mpensation was too small to permit the drawing of any definite conclusions. ummary information on these issues is shown below in Table 8.

Table 8

RATES OF COMPENSATION PAID BY SIZE OF ISSUE: 1963-1965

(Primary common stock issues offered directly by issuer)

Size of issue ($ Million)	Number of Issues	Compensation as a % of proceeds
Under 0.3	2	8.9
0.3 - 0.5	3	13.0
0.5 - 1.0	6	9.9
1.0 - 2.0	13	6.2
2.0 - 5.0	7	5.8
5.0 - 10.0	1	12.5
10.0 - 20.0	0	---
20.0 - 50.0	1	2.3
Total issues	33	

Concerning other expenses of issuance, the data shown in Table B-6 indicate that, as was the case with issues offered through securities dealers, these expenses as a percent of proceeds generally declined as the issue size increased.

Rights Offerings of Common Stock

During the years 1963-65, there were 177 primary common stock issues with gross proceeds of $3 billion offered to securities holders through subscription rights. Therefore, because rights offerings are considerably larger on balance than are primary offerings to the general public, the value of rights offerings comprised three-fifths of the dollar value of all primary common stock issues offered for cash sale in the years covered by this study, even though the number of such offerings accounted for only 22 percent of all primary stock issues. Moreover, there was a greater concentration of issues in the public utility--communication sector among rights offerings than in offerings to the general public. Offerings by this industry segment comprised one-third in number and four-fifths of the dollar value of all rights offerings.

Rights offerings enable existing security holders to purchase new issues of common stock in advance of the public offering, sometimes at a price below the general market price. Corporations using this method

f financing often do not find it necessary to utilize the services of n investment banker, especially if the price at which the stock is offered o security holders is sufficiently enough below the market price so that t appears all rights will be exercised. However, a corporation offering new issue is faced with the possibility of changing market conditions; ence, it is not uncommon to call on the services of investment bankers hrough a standby agreement in order to insure that the desired amount f capital will be raised.

Of the 177 primary common stock issues offered for cash sale through ubscription rights, 91 issues, accounting for three-tenths of the dollar alue of all rights offerings, involved the participation of securities ealers. Virtually all of these agreements were on a standby basis. omparing the rate of compensation on these issues with underwritten primary ssues to the general public reveals a much smaller spread for rights fferings than on straight underwritten issues. In contrast to offerings o the general public, however, the data for rights offerings in Table 9 o not show any consistent relationship between the rate of compensation nd the size of the issue.

Apparently the factors that bear importantly on the rate of compensation n rights offerings are not closely related to size of issue. One important actor, which was not taken into account in our analysis, was the size of he discount from the prevailing market price. Obviously the degree of oncentration of stock ownership is also an important factor; broad ownership hould lessen the risk of undersubscription.

Compensation rates reflect the degree of risk assumed as well as the ackage of services provided by the investment banker in the flotation of new issue, and these are considerably less in the case of a rights offering han in an offering to the general public. In an offering to the general ublic, the underwriter must market the entire issue, involving selling costs n each transaction. On a successful rights offering, however, the under- riter's task is somewhat more limited, usually involving some minimal egree of stabilization during the subscription period and incurring the sk only on the unsubscribed shares. Under a standby contract, the derwriter receives a spread on the entire offering not just the unsubscribed rt. Yet if there is a sudden deterioration in the market he might be nfronted with most of the issue unsubscribed. Therefore, in negotiating e standby agreement, he must make an assessment of the probable extent to ich the issue will be subscribed and the marketing risk in selling the subscribed portion to the general public. Nevertheless, it is reasonable assume that rights offerings involve less risk than comparable public ferings because of the greater degree of concentration among the offerings high-quality, listed companies--particularly the public utility com- nication field--which have broad ownership. The discount given on these fering to subscribing shareholders also lessens the marketing risk.

Other expenses of issuance for all rights offerings, showed a general wnward tendency (see Table B-9) per dollar of offering as issue size increases.

Table 9

RATES OF COMPENSATION: UNDERWRITTEN ISSUES OFFERED TO THE GENERAL PUBLIC AND UNDERWRITTEN RIGHTS OFFERINGS: 1963 - 1965

Common stock

Size of issue ($ millions)	Number of issues: General Public	Number of issues: Rights	Compensation as a % of proceeds: General Public	Compensation as a % of proceeds: Rights
Under 0.3	10	1	9.4	1.7
0.3 - 0.5	14	6	9.9	8.3
0.5 - 1.0	45	11	9.4	3.6
1.0 - 2.0	93	24	8.7	5.4
2.0 - 5.0	119	22	7.3	2.9
5.0 - 10.0	57	9	6.0	3.6
10.0 - 20.0	19	8	5.0	1.2
20.0 - 50.0	11	7	4.9	2.0
50.0 - 100.0	2	1	2.9	1.4
100.0 - 500.0	1	2	2.0	1.9
Total	371	91	---	---

his was the same as was shown on offerings to the general public, both hrough securities dealers and those offered direct. Likewise, there as a similar inverse relationship between other expenses of flotation nd the size of the firm. (See Table B-10.) This declining relationship ppeared to be associated with the observed relationship between size of ssue and size of firm, the larger issues being made generally by the arger firms. There is no more reason why size of firm alone should nfluence these costs than it did for other methods of distribution.

With the exception of the public utility-communication grouping, ndustry of the issuer did not appear to have an appreciable effect on he rate of other expenses in rights offerings. Caution must be used n making inter-industry comparisons because of the small number of ssues in come cells of particular issue sizes under the various industrial lassifications. Most differences in other expenses which were found n inter-industry comparisons appear due to differences in the size of ssue rather than characteristics of a particular industry. Therefore, n inter-industry comparisons, care must be taken to allow for differences n issue size or asset size of the issuing company and not to attribute ost variation in the flotation of a particular type of security to industry f the issuer when it may be related to other factors. The public utility-ommunication grouping is probably the sold exception to this statement. ere, the frequent entry of these firms into the capital markets and the tandardized basis of their accounting system, appears to hold down heir out-of-pocket expenditures below that of other groups of firms.

CERTIFICATES OF PARTICIPATION

Unincorporated business enterprises--primarily limited partnerships--ffered 147 issues of certificates of participation with proceeds of $377 illion for cash sales, during the years 1963-65. Most of these issues ere offered directly to the public by the issuer; only 34 issues which ade up slightly in excess of one-fifth of the total dollar value of all ertificates were offered through securities dealers.

As pointed out in Appendix C, participation certificates are offered y strictly new ventures in areas of enterprise where the risks are nusually high. Consequently, the appeal of these securities is to the igh income individual who can bear the risks and afford the entry price--requently $5,000 or more per certificate. Moreover, the usual restriction f transfers of ownership are such as to virtually preclude any potential fter-market. Because of these factors, it is not unexpected that these ecurities are most often sold to investors directly by the issuer. As hown in Tables C-2 and C-3, the bulk of these direct offerings were small ssues offered by small firms. In fact, nearly nine-tenths of these ertificates were offerings by firms with assets of under $1 million. ikewise, with regard to issue size, nine-tenths of the issues were under

$5 million. Moreover, two-thirds of the offerings were concentrated in the oil and gas area (extractive industry). The composition of offerings sold through securities dealers exhibited little variation from this pattern. There was no definite observable trend in the rate of other expenses related to issue size; however, it was very clear that these costs were much lower on certificates than on common stocks.

This difference is attributable to the age of the enterprise selling these securities and the market for them. The underlying ventures are brand new and no certification of financial statements is needed, holding accounting costs to a bare minimum. Also certificates in oil and gas ventures need no engineering reports on reserves, whereas, there would be considerable engineering costs involved in a stock offering of an operating firm in this field. Probably an even more important factor limiting expenses on certificates is in the area of printing and engraving costs. The prices of these issues and their potential market relative to that for common stock reduces the costs of printing prospectuses as well as the engraving of the actual securities.

Only 15 directly-offered issues provided any compensation for salesmen. However, since these issues were scattered among the various issue size categories, it is impossible to draw any meaningful conclusions on rates of compensation and no details are shown in tabular form in this report. Compensation rates on these issues varied from 1.9 percent on a $.5 million issue of a theatrical issue to 10.0 percent on a $2.0 million real estate venture. Of issues offered through securities dealers, the only issues which provided any significant insight into compensation were those in the extractive industry. As can be seen from an examination of Table C-1, the rate of compensation on these issues tended to move inversely with issue size; however, the number of issues was so small that this conclusion can only be tentative.

PREFERRED STOCK

During the period covered by this study, there were 53 issues of preferred stock having a value of $598 million offered for cash sale to the public through securities dealers. Underwritten offerings accounted for nine-tenths of the issues and 95 percent of the proceeds. Included among these issues were 14 convertible issues which accounted for one-fourth of the proceeds of all preferred stock issues. (See Table A-4.) Moreover, the number of convertible issues was not sufficient to allow for meaningful separate analysis and little difference in flotation costs could be found between nonconvertible and convertible preferred stocks once size of issue and asset size of the offering firms were taken into account.

As shown in Tables D-1 and D-2, preferred stock issues were concentrated in large issue size and company asset size categories. Nearly two-thirds of the issues were offered by companies in the public utility--

communication industry and about one-half of the offerings by this industry were by corporations with assets of over $500 million. Two-thirds of the preferred issues were over $5 million in issue size. In contrast, slightly less than one-fourth of the 476 common stock issues offered to the public through securities dealers exceeded this size cutoff.

A comparison of the data on common and preferred stock reveals that regardless of issue size, asset size, or industry of the issuer, preferred stocks had lower flotation costs than comparable issues of common stock. Compensation paid securities dealers and other expenses of issuance were each lower for preferred issues. The smaller underwriting spread on preferred issues undoubtedly reflects the lesser degree of marketing risk on these issues than on common stocks.

As was the case with common stock issues, costs of flotation expressed as a percent of gross proceeds declined as size of issue increased or as the asset size of the issuing company increased. Issues in the public utility-communication industry grouping had lower rates of compensation than did similar issues in other industries, but there were few issues in these other industries from which to draw conclusions. Nevertheless, four-out-of-five utility issues were reoffered by underwriters following competitive bidding, while all other issues were either negotiated underwritings or best-efforts distributions. Issues acquired by underwriters through competition bidding tend to have smaller underwriting spreads than do negotiated offerings.

Data from past Commission studies enable us to compare flotation costs for preferred stock offered for cash sale to the public through securities dealers for three time periods: 1945-49; 1951-55; 1963-65. These comparisons are shown in Table 10. In the four smallest issue size categories, there was some tendency for both rates of compensation and other expenses to be higher in the latest period. Not much significance should be attached to this upward movement, however, due to the small number of issues in the smaller size groupings. For example, there were only 19 issues under $5 million in the 1963-65 period compared with 67 issues for the three years covered in the 1951-55 study.

Issues of $5 million or larger, on the other hand, had decidedly lower rates of compensation in the latest period than in earlier periods. Here also the number of issues covered was not materially different than in the 1951-55 period. Moreover, the preponderance of public utility-communication and competitive vs. negotiated bidding were in rough balance in these two periods so that the differences in compensation rates can be considered as meaningful.

<u>Direct Offerings of Preferred Stocks</u>. As shown in Tables A-3 and A-4, there were only 14 preferred stock issues with gross proceeds of $30 million offered for cash sale to the public directly by the issuer during the 1963-65 period. Included among these offerings was one convertible

Table 10

COSTS OF FLOTATION ON PRIMARY OFFERINGS OF PREFERRED STOCK THROUGH SECURITIES DEALERS: 1963-1965

Size of Issue (In Millions)	Number of issues			Cost of flotation as a % of proceeds			Comp. as a % of proceeds			Other expenses as a % of proceeds		
	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965	1945-1949	1951-1955	1963-1965
Under 0.5	4	0	6	19.1	--	16.0	16.6	--	7.9	2.6	--	8.0
0.5 - 1.0	26	12	1	11.0	12.6	11.1	8.1	8.7	8.0	2.9	4.0	3.1
1.0 - 2.0	48	32	4	8.6	8.1	11.4	6.7	6.0	8.0	1.9	2.1	3.4
2.0 - 5.0	69	23	6	6.2	4.9	6.1	4.9	3.8	4.8	1.3	1.0	1.2
5.0 - 10.0	44	21	17	4.2	3.7	1.6	3.3	2.9	1.0	.9	.8	.6
10.0 - 20.0	24	19	11	3.4	2.9	1.8	2.8	2.4	1.4	.6	.5	.4
20.0 - 50.0	19	12	5	3.5	3.2	3.1	3.1	2.8	2.7	.4	.4	.4
50.0 and over	2	1	3	2.3	2.5	1.7	2.0	2.1	1.4	.3	.4	.3
All issues	236	120	53									

Source: Cost of Flotation, 1945-1949, Securities and Exchange Commission, Washington, D. C., p. 18, Table II.

1951-1955 data includes issues for the years 1951, 1953, and 1955 only. (See Cost of Flotation of Corporate Securities, 1951-1955, Securities and Exchange Commission, U. S. Government Printing Office p. 39, Table III.)

issue with a value of $1.2 million. Manufacturing issues accounted for 11 issues and 91 percent of the proceeds of preferred stocks offered directly to the public. In addition, these issues were small in dollar size compared with the much larger preferred issues offered to the public through securities dealers. Because of the small number of issues, little can be said with confidence regarding their flotation costs and no tables are included covering such costs.

None of these offerings had compensation; that is, there were no fees to salesmen authorized by the company to distribute issues. Therefore, all of the flotation costs consisted of other expenses which ranged from 2.6 percent of gross proceeds for manufacturing issues in the issue size interval of $0.5 - 1.0 million to a low of one-half of one percent for manufacturing issues in the issue size interval $5 - 10 million.14/

CONVERTIBLE BONDS

Convertible bonds offered for cash sale by the issuer during the period of this study totaled $1.4 billion distributed among 132 issues. Ninety-seven of these issues, accounting for almost two-thirds of the proceeds of all issues, were offered to the public through securities dealers; virtually all of these bonds were underwritten.

Excluding size categories with only a few issues, both compensation and other expenses per dollar of offering declined with rising issue size as shown in Table E-1. Aside from the smallest issue size category, flotation costs for convertible bonds were significantly lower than for underwritten common stock offerings. These differences in costs were most pronounced for compensation paid investment bankers. This reflects, in part, the lower selling costs on bonds which are offered in much larger units than are stocks. Also, the bond features of convertibles makes the potential risk of substantial price depreciation during the offering period less than it would be on the underlying stock into which the bonds are convertible. Other expenses also appeared to be slightly lower on convertible bonds.

Of the 27 issues which were offered to securities holders through subscription rights, the rate of other expenses of issuance (shown in Table E-3) appeared to be about the same as for issues offered through

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14/ There were four additional preferred stock issues with gross proceeds of $64 million offered first to security holders through subscription rights.

securities dealers after allowance is made for those size cells where there are too few observations. The underwriting spreads on the 19 issues utilizing the services of investment bankers on a standby basis seemed to be lower than comparable underwritten issues offered to the general public. Yet the number of issues was too small to be certain that the results were representative.15/

UNIT OFFERINGS

Thirty-nine unit offerings with gross proceeds of $104 million were offered for cash sale to the public through securities dealers. A unit is a package of two or more securities offered jointly at a single price and which cannot be subscribed to separately; usually bonds and common stock are combined in this manner. Such offerings are characterized by small issues offered by small companies as shown in Tables F-1 and F-2. For example, four-fifths of the units were under $5 million in issue size and nine-tenths of these were offered by firms with assets of less than $10 million.

Units are typically offered by companies which do not have an active market for their stock. Sometimes, this is a method whereby a market can be created for the stock of a company which previously had been closely-held. Often, however, stock or warrants to purchase the stock are attached to bonds because it would be too costly or impossible to sell the bonds alone. Because of the small sample of only 39 units, conclusions concerning flotation costs on these issues were not possible.16/

15/ Only eight issues of convertible bonds with gross proceeds of $7.5 million were offered for cash sale to the public direct by the issuer. All were under $5 million in issue size and were issued by companies with assets of under $10 million. Because of the small number of such issues, little can be said about flotation costs except that other expense was the sole cost of issuance.

16/ There were seven unit offerings with gross proceeds of $6.7 million offered direct and four offerings with gross proceeds of $20 million offered to security holders through rights during this period.

APPENDIX A

A Brief Description of the Several Methods of Distributing New Security Issues 17/

Private Placements (also known as direct placements) refer to securities offered and sold by the issuer directly to investors -- usually a single purchaser or a small group of investors -- without a public offering. The bulk of private placements are corporate securities exempt from registration under Section 4(2) of the Securities Act of 1933.18/ In addition, there are private placements exempt from registration under the more general exemptions of the Securities Act, such as railroad and intra-state issues, and securities which are registered under the Securities Act even though privately-placed. Some of these issues are placed without the use of securities dealers and no form of compensation is paid. In cases where the services of securities dealers are used, they usually act as agent of the issuer and receive a fee for arranging the placement based on the size of the issue. Also, in some private placements where no securities dealer is involved an individual has acted as a "finder" and is paid a finder's fee which is usually based on the dollar amount of the issue.

Public Offering of securities involves the offering of an issue to the public-at-large through public solicitation and advertisement. This, and not the ultimate number of investors, is the controlling factor differentiating between a public offering and a private placement. Some public offerings take the form of direct solicitation and selling by the issuer itself through its officers and directors and/or its employers who act as agents. Generally no compensation is paid to officers and directors, but occasionally employees receive commissions for sales determined on a per unit basis. Most often, however, public offerings of corporate securities are handled by members of the securities industry who receive compensation for their activities.

17/ The distinctions made among the several methods of distribution described are functional and economic in nature and do not in all cases conform to legalistic or statutory definition. Consequently, they should not be construed to necessarily represent Commission definition for regulatory purposes.

18/ This section has generally been interpreted to apply to offerings purchased for investment by investors with no intention of distributing the securities publicly. Hence, issues offered for competitive bidding where the successful bidder purchases the securities for his own investment portfolio do not constitute a private placement and are not exempt under this section because the offering was originally intended to be open to the general public.

Public offerings handled by members of the securities industry are distributed either on the basis of a "firm commitment" or "best-efforts." A firm commitment constitutes a guarantee to the issuer by the members of the underwriting group that the issue will be sold at a specified price. Therefore, the risk of an unsuccessful offering is assumed by the investment bankers making the offering to the public and not by the issuer. When the date arrives for the agreed upon contract price to be delivered to the issuer, he receives full payment from the underwriter irrespective of the degree of success of the public offering. In contrast, the issuer of securities distributed on a "best-efforts" basis assumes the risk that they will not be sold because the securities dealer making the offering to the public agrees only to give his best efforts in the distribution. Here the issuer receives only the proceeds from the sales of securities to the public.

Underwritten offerings arise in two different ways; the issuer may accept bids from competing groups of underwriting syndicates and accept the best offer, or he may negotiate the terms of the offering with one or more groups of investment bankers. In both cases the investment banker performs a distribution function -- the sales efforts required to place the issue with investor -- as well as an underwriting function. In addition, when the details of the offering are negotiated, the investment banker performs an originating function which is not present in as full degree when competitive bidding takes place. Origination covers the advice, policy decisions and mechanics entailed in the development and disclosure of the required information and in the specifications of the type of security, the terms of the offering and the nature of the subsequent underwriting and distribution. Each of these three functions -- origination, underwriting and distribution -- involves a progressively larger number of securities dealers. The distributing group (usually called selling group) sometimes includes fifty or more separate dealers who have been enlisted to augment the selling efforts of the underwriting group but who take none of the underwriting risks and are compensated solely on the basis of the numbers of units sold.

Compensation on an underwritten issue is measured as the "spread" or difference between the price paid by the underwriter to the corporation offering the security and the price at which the underwriter offers the issue to the public. Out of this "spread" the underwriter must allow for the commission paid to members of the selling group, expenses entailed in preparation of the issue and other costs incident to marketing the issue. During the underwriting period, no sales may be made at a price higher (or lower) than the agreed price by any member of the underwriting or selling group. Stabilizing transactions may be conducted to maintain the market price during the period of offering to facilitate the distribution. Nevertheless, the price may decline after price restrictions are terminated, and leave the underwriters who have not disposed of their allotment with a smaller remuneration than expected, or even with a loss.

A securities dealer distributing an issue on a best-efforts basis not only avoids the risk of financial loss in an unsuccessful offering but also avoids the net capital requirements under the Exchange Act. 19/ Nevertheless, although the dealer avoids the risk of loss of capital in this type of offering, he may lose his out-of-pocket expenses if the distribution is unsuccessful (some contracts provide a nonreturnable expense allowance). The avoidance of net capital requirements on best-efforts offerings is of significant value in enhancing the ability of obtaining the assistance of securities dealers in distributing new issues. Otherwise, many small issues of new firms with no established market for their securities would either have to try to sell the issue directly to investors or these securities would never be offered. These distributions differ from underwritten ones in another marked respect; while the latter are usually syndicated nationally the common practice is for a best-efforts distribution to be confined to one firm only, thus restricting the selling effort to a regional market. Many issues are sold on an "all or nothing" basis, meaning that if all of the securities are not sold, none will be sold. Moreover, most other best-efforts contracts stipulate a minimum volume of sales to fulfill the terms of the contract. A failure to meet this level of sales involves the termination of the contract and the dealer receives no compensation. Compensation on best-efforts offerings is determined as a given amount on each unit of the offering sold. Some of these contracts provide an option to the dealer that once a prescribed level of sales is met he may underwrite the remainder; this underwriting of the tag-end of the issue is usually geared to his ability to meet the net capital requirements of the Exchange Act.

Rights Offerings refer to corporate offerings to existing shareholders prior to a public distribution. Unless waived in the original character of the corporation or by subsequent vote by the stockholders, common law confers on holders of corporate voting secutities the right to purchase his pro rata share of any new issue of voting secutities, or any convertible into voting securities being offered for sale by the corporation before it is offered to new stockholders. This privilege is called the "pre-emptive right" of stockholders. It does not apply to stock that has been previously authorized to be issued within a reasonable time after incorporation, or to treasury stock. This right is not inviolate, and most states permit the certificate of incorporation to limit or abrogate the stockholders' rights to new issues. Although many corporations have issued stock that does not provide this pre-emptive right, some of them do offer new stocks or convertible bonds to existing stockholders as a matter of policy.

19/ See Rule 15c3-1 under the Securities and Exchange Act of 1934.

Generally speaking, rights offerings are made at a price somewhat below the current market price at the time the offering becomes effective. Stockholders receive rights for each share of the voting securities owned and are given a period of time -- customarily about two weeks -- in which to exercise these rights to acquire the new securities. If, for example, the offering is being made on the basis of one new share for each ten held, an investor would need ten rights to acquire one new share. Therefore, any shareholder who may own less than ten shares may either wish to dispose of his rights or acquire enough additional rights to exercise his option. Where a ready market exists for the securities of the corporation, these rights will trade during the subscription period. A few corporations have in the past made provisions to issue fractional shares and many firms arrange to pay cash for these rights in lieu of issuing fractional shares.

It is not uncommon for an issuer in a rights offering to deal directly with the offerees without enlisting the aid of investment bankers. American Telephone and Telegraph Company is the most notable example of a corporation which has chosen the direct approach in its rights offerings. The direct approach is most commonly used when the offering is priced sufficiently below the market so that it seems likely that virtually all of the rights will be exercised. However, the services of securities dealers are frequently employed in a standby capacity. Occasionally dealers may contract to solicit rights holders either to exercise or sell their rights and to use their best efforts to sell unsubscribed securities.

Under the standby form of contract, investment bankers agree to purchase any unsubscribed shares; for this service they are paid a standby commission based on the total number of units originally offered. Because of the risk introduced by the "waiting-period" of the rights offering, many underwriters actively participate in the purchase of rights from the stockholders, exercising the rights and selling the stock during the period of the subscription offer. This minimizes their risk in the event of a sudden adverse change in the market and avoids an unfavorable reception of the public offering due to the impact on the market of a large block of unsubscribed stock. Additional compensation may be paid for unsubscribed shares taken by the underwriters, or for shares subscribed for through the rights purchased by the underwriters, or for both.

Some of the contracts stipulate that, under specified conditions, the underwriters will return some portion of the excess of the public offering price over the subscription price paid by the underwriters for the unsubscribed shares which they purchased. Thus, the spread between the price paid by the underwriters and the public offering price, which usually constitutes the underwriter's compensation in a public offering, may be entirely or partly returned to the company in a rights offering.

Another method of offering is that of the dealer-manager agreement. This is a form of "best efforts" arrangement in which the manager

assists the issuer in details of the offering and is charged with forming a group of dealers to solicit subscriptions from the security holders. The manager receives a fixed amount for his services and a stipulated rate of compensation is paid for those subscriptions obtained by the manager or dealers. The soliciting-dealer type of offering is less common than the other types and may be combined with a standby agreement with underwriters.

These rather generalized statements do not take into consideration the finer shades of differences in methods of offering or in payment of compensation. Through variations and combinations there is much less uniformity in the arrangements covering rights offerings than there is for general public offerings.

For purposes of this report, gross proceeds on rights offerings are derived as the sum of (a) number of shares subscribed by stockholders multiplied by the subscription price and (b) number of shares unsubscribed by stockholders multiplied by the public offering price. Compensation includes the standby commission, other amounts paid to investment bankers and any retained amount of the excess of the public offering price over the cost of the securities to the underwriters. Thus, compensation, as measured here, is the difference between the price paid by investors (including stockholders) and the net proceeds received by the corporation.

APPENDIX B

Detailed Other Expenses of Offering New Securities Issues Defined

Federal Revenue stamps: The Federal documentary tax was 11-100 of one percent of the principal amount for bonds and debentures and the par amount of stock. For no-par stock, the tax was based on market value. 20/

State taxes and fees: State taxes and any other special taxes on new issues; fees for qualification under "Blue Sky" laws. Such fees are usually paid in each state where the issue is registered for offer.

Securities and Exchange Commission fee: This fee, which is paid at the time of filing, amounted to 1/100 of one percent of the maximum aggregate price at which the securities are proposed to be offered, but in no case less than $25. 21/

Listing fees: The cost of obtaining listing on a national securities exchange (not always considered an initial cost of flotation).

Trustees' fees: Mainly the regular fees charged by transfer agents or trustees in connection with a new issue, but not for continuing services; qualification under the Trust Indentures Act of 1939; recording of mortgages and indentures.

Printing and engraving: Covers the cost of printing registration statements, prospectuses, indentures and other exhibits, and the engraving of certificates.

Legal fees: All legal fees paid by the issuer, even if incurred in the first instance by investment bankers or others.

Accounting: All auditing and accounting expenses.

Engineering, etc.: Includes fees paid for services of engineers, appraisers, geologists and geophysicists. With the exception of the extractive industry, this expense item appears on very few issues.

20/ Effective January 1, 1966 Federal Revenue stamps are no longer required on new issues of securities.

21/ Effective January 1, 1966 the S.E.C. fee was increased to 1/50 of one percent of the maximum aggregate price at which the securities are proposed to be offered, but not less than $100 for any registration.

APPENDIX C

Description of the Most Prevalent Specific Types of Equity Securities

1. Common Stock: These securities are the principal equity securities of incorporated business. The common stockholders own the corporation, hold the basic voting control, and are the residual claimants entitled to the ownership of net profits after the claims of all creditors are met (including preference of preferred shareholders).

2. Certificates of Participation: These securities, sometimes called limited partnership interests, units of participation, participation plans or investment contracts, represent the equity interest in unicorporated businesses which are usually organized along the lines of a limited partnership. They are similar to common stock in that they represent ownership of the business and are residual claimant to earnings. In contrast to common stockholders, however, owners of these securities agree in advance that all management rights will reside with the general partner who makes all such decisions unilaterally, including the possible liquidation of the business, without recourse at any time to a vote of the limited partners. Moreover, from the point of view of taxes, each limited partner must include his prorata share of the profits -- whether distributed or not -- and losses of the business on his tax return. The use of such arrangement is made primarily in business ventures where the risk is quite high; e.g., oil "wildcatting," theatrical productions, real estate syndications, and breeding operations. Individual participations are usually priced to require a minimum investment of several thousand dollars. Therefore, these securities are designed for high income individuals who can afford the associated risks.*

3. Preferred Stock: Most of these securities are strictly a limited return issue, and the preferred stockholder occupies a strictly limited ownership position. No dividend can be declared on the common stock of a corporation until the stated dividend on all preferred stock has been met, but the dividend on the preferred does not have to be declared. However, there are a number of different types of preferred issues. Among the variants in preferred issues are those which contain a cumulative dividend provision, and those carrying a convertibility provision which permit conversion of the preferred into the common stock of the corporation under given conditions.

4. Convertible Bonds: These bonds are issued subordinate to all of the non-convertible debt of the corporation, both in terms of

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* These securities are combined with common stock in the Commission's regular statistics on securities offerings.

preference for interest payment and sharing in the assets of the corporation in the event of bankruptcy or liquidation for any other reason. Nevertheless, they are convertible into another type of security at the option of the owner for a given period at an established ratio. Most convertibility ranges from no limit on the period to rather short periods. The conversion ratio may change according to a predetermined schedule in the bond contract during the conversion period, customarily becoming less favorable to the investor with the passage of time.

5. Unit Offerings: These offerings are a package of two or more different types of securities of the same corporation which must be bought as a package. A representative offering might consist of $50 of debentures and 10 shares of common stock. Often included in these packages are warrants to buy a given number of common shares over a limited period, at predetermined prices. (Warrants are not covered separately in this study.)*

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* The several components of unit offerings are classified separately in the Commission's regular statistics on securities offerings.

APPENDIX D

Details on Other Expenses of Issuance for Cash Offerings

As discussed previously, other expenses of issuance include those other out-of-pocket costs incurred by the company offering a security issue in addition to compensation paid to securities dealers or salesmen. Details of these expenses have been compiled for those issues where such costs were attributable and apportionable to cash offerings. Tables B-10, C-4, D-3, E-5 and F-3 show the breakdown of the details of other expenses by size of issue for those issues having the individual expense as a percent of total other expense. From these data estimates were made of individual items of other expenses for a typical issue in each security type in order to approximate the cost of particular items of expense in the 1963-65 period. 22/ Because many firms did not fully apportion their costs among the individual items of expense but lumped several items together, the miscellaneous category is larger than it should be and other items are understated. Also, the expenses shown are out-of-pocket only. Therefore, the costs tend to be biased downward.

A typical issue for each security type was chosen on the basis of issue size, that is, on the basis of the issue size interval having the largest number of issues for a given type security in the period covered by this study. In this regard, care must be exercised not to regard the overall dollar values as being too significant because of the wide variation in the breakdown of costs among issues. For example, some issues do not have every item of expense; this is especially true of listing fees and engineering expense. Normally, engineering expenses are found in the extractive industry and listing fees are only incurred for the securities of companies listed on a stock exchange. In light of these limitations, the examples shown in Table 11 should be regarded as rough guides only.

22/ For a brief description of each of the items of other expenses see pp.

Table 11

REPRESENTATIVE OTHER EXPENSES BY TYPE OF SECURITY AND ITEM OF EXPENSE: 1963-1965

(Registered Equity Securities Offered for Cash; Items Rounded to Nearest Ten Dollars)

Security type	Common stock	Cert. of partic.	Preferred stock	Conv. bonds	Unit offering
Typical issue size	$2,000,000	$2,000,000	$7,500,000	$3,500,000	$1,500,00
S. E. C. fees	$ 200	$ 200	$ 750	$ 350	$ 150
Listing fees	470	0	1,820	1,480	0
Federal revenue stamps	2,200	2,200	8,250	3,850	1,060
State taxes and fees	2,330	840	3,850	3,660	2,200
Trustee fees	3,530	280	1,290	3,290	2,460
Printing and engraving	5,760	1,940	10,970	20,120	10,400
Legal fees	8,440	4,510	9,080	15,620	11,750
Accounting fees	3,660	980	3,520	7,980	14,800
Engineering fees	1,840	0	0	5,070	1,150
Miscellaneous	5,560	1,050	5,470	5,080	7,020
Total	$34,000	$12,000	$45,000	$66,500	$51,000

TABLE A-1

COMMON STOCK EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933
BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963-1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing (Amount)	Manufacturing (Issues)	Public Utility 1/ (Amount)	Public Utility 1/ (Issues)	Extractive (Amount)	Extractive (Issues)	Financial (Amount)	Financial (Issues)	Other (Amount)	Other (Issues)	All industries (Amount)	All industries (Issues)
Total effective registered..........	$6,461,508	601	$3,568,655	126	$218,647	48	$1,910,378	361	$1,614,348	370	$13,773,536	1,506
For account of issuer...............	2,493,283		3,225,977		178,684		1,530,537		1,074,994		8,503,477	
For cash sale.....................	930,420	244	2,938,203	95	50,561	22	727,009	261	326,862	183	4,973,057	805
through security dealers........	442,703	178	520,720	36	21,314	6	471,307	124	242,702	132	1,698,745	476
direct by the issuer............	36,198	30	327	1	5,406	10	123,887	74	63,982	36	229,800	151
through rights offerings to security holders................	451,520	36	2,417,156	58	23,842	6	131,816	62	20,178	15	3,044,512	177
For other than cash sale..........	1,562,863	179	287,774	23	128,123	22	803,528	119	748,132	133	3,530,420	476
exchange transactions...........	267,466	28	97,910	6	75,084	11	418,521	30	108,340	16	967,321	91
reserved for conversion.........	1,213,376	100	174,482	8	45,020	10	329,033	18	461,063	65	2,222,973	201
reserved for exercise of option.	39,118	59	12,544	7	7,244	8	50,348	75	110,085	59	219,336	208
other...........................	42,903	22	2,838	3	775	1	5,627	14	68,644	16	120,787	56
For account of other than issuer	3,968,231	360	342,678	32	39,965	15	379,863	77	539,395	184	5,270,132	668
For cash sale.....................	3,010,919	301	269,497	22	27,207	9	312,143	55	471,195	153	4,090,961	540
Other.............................	957,312	77	73,182	10	12,758	7	67,720	24	68,200	48	1,179,171	166

1/ Includes communication.

TABLE A-2

CERTIFICATES OF PARTICIPATION EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933 BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963-1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing		Public Utility 1/		Extractive		Financial		Other		All industries	
	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)
Total effectively registered	$53,568	7	0	0	$248,886	91	$97,527	11	$150,659	63	$550,640	172
For account of issuer	53,568	-	0	-	248,887	-	97,527	-	148,704	-	548,685	-
For cash sale	412	2	0	0	227,049	91	62,295	7	87,310	47	377,066	147
Through security dealer	0	0	0	0	44,450	21	1,795	2	33,664	11	79,909	34
Direct by the issuer	412	2	0	0	182,599	70	60,500	5	52,401	35	295,912	112
Through rights offerings to security holders	0	0	0	0	0	0	0	0	1,246	1	1,246	1
For other than cash sale	53,156	5	0	0	21,838	32	35,232	4	61,394	33	171,619	74
Exchange transactions	46,143	4	0	0	0	0	15,232	3	41,706	7	103,082	14
Reserved for conversion	0	0	0	0	0	0	0	0	0	0	0	0
Reserved for exercise of option	7,012	1	0	0	0	0	20,000	1	42	1	27,054	3
Other	0	0	0	0	21,838	32	0	0	19,645	25	41,483	57
For account of other than issuer	0	0	0	0	0	0	0	0	1,955	3	1,955	3
For cash sale	0	0	0	0	0	0	0	0	147	1	147	1
Other	0	0	0	0	0	0	0	0	1,808	2	1,808	2

1/ Includes communication.

Table A-3

CONVERTIBLE PREFERRED STOCK EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933 BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963 - 1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing		Public Utility 1/		Extractive		Financial		Other		All industries	
	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)
Total effectively registered............	$279,733	22	$88,083	4	0	0	$365,280	9	$11,769	7	$744,865	42
For account of issuer..................	238,375	-	88,083	-	0	-	365,280	-	11,769	-	703,507	-
For cash sale.........................	103,167	8	68,233	3	0	0	2,400	3	9,762	5	183,562	19
Through security dealers............	53,500	4	52,500	2	0	0	2,400	3	9,762	5	118,162	14
Direct by the issuer................	1,000	1	0	0	0	0	0	0	0	0	1,000	1
Through rights offerings to security holders..............................	48,667	3	15,733	1	0	0	0	0	0	0	64,400	4
For other than cash sale...............	135,208	12	19,850	1	0	0	362,880	6	2,007	2	519,945	21
Exchange transactions................	126,502	10	19,850	1	0	0	353,836	5	2,004	2	502,191	18
Reserved for conversion..............	0	0	0	0	0	0	9,044	1	0	0	9,044	1
Reserved for exercise of option......	7,265	3	0	0	0	0	0	0	0	0	7,265	3
Other................................	1,441	1	0	0	0	0	0	0	3	1	1,444	2
For account of other than issuer.........	41,359	3	0	0	0	0	0	0	0	0	41,359	3
For cash sale..........................	866	1	0	0	0	0	0	0	0	0	866	1
Other.................................	40,492	3	0	0	0	0	0	0	0	0	40,492	3

1/ Includes communication.

Table A-4

NONCONVERTIBLE PREFERRED STOCK EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933
BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963-1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing		Public Utility 1/		Extractive		Financial		Other		All industries	
	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)
Total effectively registered............	$56,952	17	$427,285	32	0	0	$62,600	9	$44,223	6	$591,060	64
For account of issuer....................	56,052		427,285		0		58,192		39,579		581,108	
For cash sale..........................	26,140	11	427,285	32	0	0	52,562	6	2,820	3	508,806	52
Through security dealer.............	140	1	427,285	32	0	0	52,562	6	0	0	479,986	39
Direct by the issuer................	26,000	10	0	0	0	0	0	0	2,820	3	28,820	13
Through rights offerings to security holders............................	0	0	0	0	0	0	0	0	0	0	0	0
For other than cash sale..............	29,912	6	0	0	0	0	5,630	3	36,759	1	72,302	10
Exchange transactions................	7,789	4	0	0	0	0	3,037	2	36,759	1	47,585	7
Reserved for conversion.............	95	1	0	0	0	0	2,594	1	0	0	2,689	2
Reserved for exercise of options.....	19	1	0	0	0	0	0	0	0	0	19	1
Other.................................	22,009	2	0	0	0	0	0	0	0	0	22,009	2
For account of other than issuer.......	900	1	0	0	0	0	4,408	1	4,643	2	9,951	4
For cash sale........................	0	0	0	0	0	0	0	0	4,643	2	4,643	2
Other................................	900	1	0	0	0	0	4,408	1	0	0	5,308	2

1/ Includes communication.

TABLE A-5

CONVERTIBLE BONDS EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933
BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963 - 1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing (Amount)	Manufacturing (Issues)	Public Utility 1/ (Amount)	Public Utility 1/ (Issues)	Extractive (Amount)	Extractive (Issues)	Financial (Amount)	Financial (Issues)	Other (Amount)	Other (Issues)	All industries (Amount)	All industries (Issues)
Total effectively registered	$963,979	74	$93,901	4	$53,779	9	$137,277	8	$386,151	55	$1,635,087	150
For account of issuer	955,261		93,902		53,799	0	136,341		332,976		1,572,259	
For cash sale	752,999	63	88,083	3	50,718	9	125,367	7	332,976	50	1,350,143	132
Through security dealer	499,249	48	88,082	3	20,500	6	120,851	5	133,370	35	862,053	97
Direct by the issuer	5,732	5	0	0	0	0	0	0	1,800	3	862,053	97
Through rights offerings to security holders	248,017	10	0	0	30,218	3	4,516	2	197,806	12	480,557	27
For other than cash sale	202,262	7	5,819	1	0	0	10,974	1	0	0	222,116	12
Exchange transactions	202,262	6	5,819	1	0	0	10,974	1	0	0	218,855	8
Reserved for conversion	0	0	0	0	1,907	1	0	0	0	0	1,907	1
Reserved for exercise of options	0	0	0	0	354	1	0	0	0	0	354	1
Other	200	1	0	0	800	2	0	0	0	0	1,000	3
For account of other than issuer	8,717	7	0	0	0	0	936	1	53,175	5	62,828	13
For cash sale	350	1	0	0	0	0	0	0	19,114	1	19,464	2
Other	8,367	6	0	0	0	0	936	1	34,061	4	43,365	11

1/ Includes Communication.

Table A-6

UNIT OFFERINGS EFFECTIVELY REGISTERED UNDER THE SECURITIES ACT OF 1933
BY PURPOSE OF REGISTRATION AND INDUSTRY: 1963 - 1965

(Amounts in thousands of dollars)

Purpose of registration	Manufacturing		Public Utility 1/		Extractive		Financial		Other		All industries	
	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)	(Amount)	(Issues)
Total effectively registered	$76,319	19	$2,875	1	$16,119	2	$36,413	7	$71,460	22	$203,185	51
For account of issuer	72,188		2,875		16,124		36,413		61,678		189,277	
For cash sale	43,846	18	2,875	1	16,124	2	20,222	7	47,758	22	130,825	50
Through security dealer	27,108	14	2,875	1	16,124	2	20,222	7	37,591	15	103,919	39
Direct by issuer	2,741	2	0	0	0	0	0	0	4,002	5	6,743	7
Through rights offerings to security holders	13,998	2	0	0	0	0	0	0	6,165	2	20,163	4
For other than cash sale	28,342	16	0	0	0	0	16,191	6	13,920	13	58,452	35
Exchange transactions	1,200	1	0	0	0	0	2,450	2	0	0	3,650	3
Reserved for conversion	23,420	14	0	0	0	0	8,956	4	7,685	8	40,061	26
Reserved for exercise of options	3,722	10	0	0	0	0	2,085	4	6,010	8	11,816	22
Other	0	0	0	0	0	0	2,700	1	225	2	2,925	3
For account of other than issuer	4,247	7	0	0	0	0	0	0	9,782	3	14,028	10
For cash sale	4,162	5	0	0	0	0	0	0	7,130	3	11,292	8
Other	85	2	0	0	0	0	0	0	2,652	1	2,737	3

1/ Includes communication.

Table B-1

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3........	5	0	0	3	13	21
0.3 - 0.5......	13	0	1	3	12	29
0.5 - 1.0......	12	3	2	18	25	60
1.0 - 2.0	52	4	0	29	32	117
2.0 - 5.0	56	11	1	40	34	142
5.0 - 10.0	25	8	1	22	13	69
10.0 - 20.0	11	4	1	6	2	24
20.0 - 50.0	4	4	0	2	1	11
50.0 - 100.0	0	1	0	1	0	2
100.0 - 500.0	0	1	0	0	0	1
500 and over	0	0	0	0	0	0
Total	178	36	6	124	132	476
Total gross proceeds	442.7	520.7	21.3	471.3	242.7	1,698.7
		Compensation as percent of proceeds				
Under 0.3	9.7	--	--	7.9	8.3	8.7
0.3 - 0.5	12.1	--	15.0	13.9	11.3	12.0
0.5 - 1.0	10.2	8.0	9.7	9.1	10.0	9.7
1.0 - 2.0	8.7	4.8	--	7.7	9.9	8.6
2.0 - 5.0	7.1	5.6	8.0	8.0	7.7	7.4
5.0 - 10.0	6.5	3.3	2.6	8.1	7.2	6.7
10.0 - 20.0	5.0	4.3	7.5	9.6	7.3	6.2
20.0 - 50.0	5.0	4.0	--	7.0	3.5	4.9
50.0 - 100.0	--	2.6	--	3.2	--	2.9
100.0 - 500.0	--	2.0	--	--	--	2.0
500 and over	--	--	--	--	--	--
		Other expenses as percent of proceeds				
Under 0.3	10.9	--	--	3.4	7.3	8.0
0.3 - 0.5	6.9	--	5.7	2.8	7.7	6.8
0.5 - 1.0	6.8	3.5	4.6	4.3	4.8	4.9
1.0 - 2.0	3.1	1.8	--	2.7	3.2	3.0
2.0 - 5.0	1.7	1.4	1.9	1.6	1.8	1.7
5.0 - 10.0	1.2	.6	1.1	1.0	.8	1.0
10.0 - 20.0	.7	.7	.7	.5	.7	.6
20.0 - 50.0	1.3	.7	--	.8	.2	.8
50.0 - 100.0	--	.3	--	.3	--	.3
100.0 - 500.0	--	.3	--	--	--	.3
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table B-2

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	20	1	3	62	32	118
1.0 - 5.0	52	2 2/	0	34	44	132
5.0 - 10.0	34	1	0	5	27	67
10.0 - 20.0	30	7	0	10	14	61
20.0 - 50.0	21	8	3	4	10	46
50.0 - 100.0	13	6	0	2	3	24
100.0 - 200.0	4	3	0	3	0	10
200.0 - 500.0	3	3	0	2	1	9
500 and over	1	5	0	2	1	9
Unknown and foreign	0	0	0	0	0	0
Total	178	36	6	124	132	476
		Compensation as percent of proceeds				
Under 1.0	9.7	10.4	10.6	8.9	10.1	--
1.0 - 5.0	8.6	2.0 3/	0	8.4	9.5	--
5.0 - 10.0	7.8	8.9	0	8.5	8.1	--
10.0 - 20.0	6.8	5.9	0	7.3	7.6	--
20.0 - 50.0	6.0	6.4	6.0	7.7	6.5	--
50.0 - 100.0	5.2	3.7	0	6.3	5.8	--
100.0 - 200.0	4.8	4.7	0	7.0	0	--
200.0 - 500.0	4.5	2.9	0	7.0	3.5	--
500 and over	7.0	2.9	0	3.9	7.9	--
Unknown and foreign	--	--	--	--	--	--
		Other expenses as percent of proceeds				
Under 1.0	2.8	3.5	4.8	1.2	2.3	--
1.0 - 5.0	3.8	.3 4/	--	1.9	2.9	--
5.0 - 10.0	1.9	2.7	--	1.6	2.9	--
10.0 - 20.0	1.5	1.6	--	1.5	1.6	--
20.0 - 50.0	1.1	.9	1.0	1.2	1.2	--
50.0 - 100.0	.9	.7	--	.5	.8	--
100.0 - 200.0	.5	.9	--	1.2	0	--
200.0 - 500.0	2.6	.4	--	3.3	.2	--
500 and over	1.5	.5	--	.4	3.4	--
Unknown and foreign	--	--	--	--	--	--

1/ Includes communication.

2/ Includes a $200 million issue of Communication Satellite Corporation. If data are adjusted to exclude this issue compensation 3/ becomes 14.8 percent and other expenses 4/ 1.0 percent.

Table B-3

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF ISSUE AND SIZE OF FIRM: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Asset Size of Firm: Under 1.0	1.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-200.0	200.0-500.0	500 & over	Total or average
Issues										
Under 0.3	11	6	3	1	0	0	0	0	0	21
0.3 - 0.5	16	12	1	0	0	0	0	0	0	29
0.5 - 1.0	25	27	5	2	1	0	0	0	0	60
1.0 - 2.0	28	51	23	11	3	0	0	0	1	117
2.0 - 5.0	21	29	30	36	20	4	1	1	0	142
5.0 - 10.0	12	6	5	10	13	14	3	5	1	69
.0.0 - 20.0	5	0	0	0	7	5	5	1	1	24
0.0 - 50.0	0	0	0	1	2	1	1	2	4	11
0.0 - 100.0	0	0	0	0	0	0	0	0	2	2
0.0 - 500.0	0	1	0	0	0	0	0	0	0	1
0 and over	0	0	0	0	0	0	0	0	0	0
tal	118	132	67	61	46	24	10	9	9	476
Compensation as percent of proceeds										
Under 0.3	8.7	11.1	7.0	5.0	--	--	--	--	--	8.7
0.3 - 0.5	13.4	10.3	10.0	--	--	--	--	--	--	12.0
0.5 - 1.0	9.6	10.3	9.8	5.6	5.0	--	--	--	--	9.7
1.0 - 2.0	8.6	9.1	8.6	7.2	6.1	--	--	--	7.9	8.6
2.0 - 5.0	8.2	8.3	7.7	7.4	6.5	3.9	5.7	7.8	--	7.4
5.0 - 10.0	9.1	8.2	7.7	7.1	5.8	5.4	4.3	4.3	7.4	6.7
0.0 - 20.0	10.3	--	--	--	6.2	5.0	5.5	3.7	1.6	6.2
0.0 - 50.0	--	--	--	4.2	7.3	6.4	4.9	2.9	4.0	4.9
0.0 - 100.0	--	--	--	--	--	--	--	--	2.9	2.9
0.0 - 500.0	--	2.0 1/	--	--	--	--	--	--	--	2.0
0 and over	--	--	--	--	--	--	--	--	--	--
Other expenses as percent of proceeds										
Under 0.3	8.5	10.1	6.6	.9	--	--	--	--	--	8.0
0.3 - 0.5	6.8	6.5	12.2	--	--	--	--	--	--	6.8
0.5 - 1.0	4.4	5.3	5.7	3.6	4.1	--	--	--	--	4.9
1.0 - 2.0	2.2	3.5	3.3	2.1	3.1	--	--	--	3.4	3.0
2.0 - 5.0	1.6	2.0	1.8	1.8	1.3	.7	.7	3.5	--	1.7
5.0 - 10.0	.7	.6	1.3	1.1	1.0	.9	.9	1.5	1.0	1.0
0.0 - 20.0	.5	--	--	--	.9	.5	.8	.4	.4	.6
0.0 - 50.0	--	--	--	.4	1.0	.5	.5	.8	.9	.8
0.0 - 100.0	--	--	--	--	--	--	--	--	.3	.3
0.0 - 500.0	--	.3	--	--	--	--	--	--	--	.3
0 and over	--	--	--	--	--	--	--	--	--	--

Includes a $200 million issue of Communication Satellite Corporation.

Table B-4

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Secondary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total Aver[illegible]
			Issues			
Under 0.3	3	1	0	0	3	7
0.3 - 0.5	5	0	0	1	3	9
0.5 - 1.0	14	1	0	4	12	31
1.0 - 2.0	62	5	1	4	32	104
2.0 - 5.0	85	2	2	14	47	150
5.0 - 10.0	41	6	0	11	24	82
10.0 - 20.0	29	2	2	11	6	50
20.0 - 50.0	12	0	0	2	3	17
50.0 - 100.0	1	0	0	0	0	1
100.0 - 500.0	6	0	0	0	0	6
500 and over	0	0	0	0	0	0
Total......................	258	17	5	47	130	457
Total gross proceeds.......	2,834.7	55.4	23.7	304.3	451.3	3,669.[illegible]
			Compensation as percent of proceeds			
Under 0.3	11.4	3.0	--	--	7.4	8.[illegible]
0.3 - 0.5	10.7	--	--	15.0	9.2	10.[illegible]
0.5 - 1.0	7.7	7.0	--	6.9	9.2	8.[illegible]
1.0 - 2.0	8.1	6.5	6.3	7.6	7.6	7.[illegible]
2.0 - 5.0	6.7	1.3	7.3	6.7	6.9	6.[illegible]
5.0 - 10.0	5.6	5.4	--	5.8	6.1	5.[illegible]
10.0 - 20.0	4.5	3.4	3.3	5.5	4.9	4.[illegible]
20.0 - 50.0	3.9	--	--	7.1	3.5	4.[illegible]
50.0 - 100.0	.3	--	--	--	--	.[illegible]
100.0 - 500.0	3.2	--	--	--	--	3.[illegible]
500 and over	--	--	--	--	--	--
			Other expenses as percent of proceeds			
Under 0.3	2.3	6.7	--	--	6.0	4.[illegible]
0.3 - 0.5	2.2	--	--	3.8	4.9	3.[illegible]
0.5 - 1.0	3.0	5.3	--	4.1	3.4	3.[illegible]
1.0 - 2.0	2.5	1.8	1.9	2.1	2.9	2.[illegible]
2.0 - 5.0	1.4	1.4	.7	2.1	1.8	1.[illegible]
5.0 - 10.0	.9	1.3	--	1.1	1.0	1.[illegible]
10.0 - 20.0	.7	.4	.5	.6	1.7	.[illegible]
20.0 - 50.0	.4	--	--	1.1	.4	.[illegible]
50.0 - 100.0	.3	--	--	--	--	.[illegible]
100.0 - 500.0	.2	--	--	--	--	.[illegible]
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table B-5

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF ISSUE AND SIZE OF FIRM: 1963-1965

(Secondary offerings through securities dealers)

Size of issue (in $ millions)	Asset Size of Firm: Under 1.0	1.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-200.0	200.0-500.0	500 & over	Total or average
Issues										
Under 0.3	0	3	3	0	0	0	0	0	1	7
0.3 - 0.5	2	6	1	0	0	0	0	0	0	9
0.5 - 1.0	2	15	8	2	2	1	0	1	0	31
1.0 - 2.0	2	47	21	20	6	4	4	0	0	104
2.0 - 5.0	0	25	50	44	18	9	3	1	0	150
5.0 - 10.0	1	1	11	22	28	12	2	3	2	82
10.0 - 20.0	0	0	0	2	14	9	13	8	4	50
20.0 - 50.0	0	0	0	2	2	4	4	4	1	17
50.0 - 100.0	0	0	0	0	0	0	0	0	1	1
00.0 - 500.0	0	0	0	0	0	0	0	1	5	6
00 and over	0	0	0	0	0	0	0	0	0	0
otal	7	97	94	92	70	39	26	18	14	457
Compensation as percent of proceeds										
Under 0.3	--	7.8	10.9	--	--	--	--	--	3.0	8.3
0.3 - 0.5	13.6	10.3	10.1	--	--	--	--	--	--	10.5
0.5 - 1.0	9.3	8.8	7.9	8.9	5.0	8.0	--	6.1	--	8.2
1.0 - 2.0	11.1	8.4	8.4	7.2	6.3	5.9	5.8	--	--	7.8
2.0 - 5.0	--	7.7	7.2	6.8	5.8	5.3	3.7	4.0	--	6.7
5.0 - 10.0	9.5	8.0	6.2	6.1	5.7	5.6	4.7	4.2	3.9	5.8
LO.0 - 20.0	--	--	--	6.1	5.6	4.9	4.7	4.1	3.6	4.7
20.0 - 50.0	--	--	--	6.3	5.7	4.1	3.9	3.5	3.2	4.2
50.0 - 100.0	--	--	--	--	--	--	--	--	.3	.3
00.0 - 500.0	--	--	--	--	--	--	--	3.7	3.0	3.2
0 and over	--	--	--	--	--	--	--	--	--	--
Other expenses as percent of proceeds										
Under 0.3	--	1.1	6.0	--	--	--	--	--	6.7	4.5
0.3 - 0.5	5.3	2.6	4.7	--	--	--	--	--	--	3.1
0.5 - 1.0	4.8	3.7	3.7	2.4	2.6	1.0	--	1.7	--	3.4
1.0 - 2.0	3.3	2.6	2.9	2.4	2.2	2.5	2.1	--	--	2.6
2.0 - 5.0	--	1.7	1.6	1.6	1.4	1.3	1.3	.6	--	1.6
5.0 - 10.0	1.2	.7	1.1	1.1	.9	1.0	.8	1.2	.6	1.0
.0.0 - 20.0	--	--	--	.8	.7	.6	.8	.5	.6	.7
0.0 - 50.0	--	--	--	1.0	.7	.4	.4	.4	.3	.6
0.0 - 100.0	--	--	--	--	--	--	--	--	.3	.3
0.0 - 500.0	--	--	--	--	--	--	--	.3	.2	.2
0 and over	--	--	--	--	--	--	--	--	--	--

Table B-6

COSTS OF FLOTATION OF COMMON STOCK
BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Offered directly by issuer)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total Avera[illegible]
			Issues			
Under 0.3	7	0	4	6	13	3[illegible]
0.3 - 0.5	3	0	2	4	4	1[illegible]
0.5 - 1.0	5	0	1	10	3	1[illegible]
1.0 - 2.0	8	0	3	29	8	4[illegible]
2.0 - 5.0	7	1	0	24	6	[illegible]
5.0 - 10.0	0	0	0	1	1	
10.0 - 20.0	0	0	0	0	0	
20.0 - 50.0	0	0	0	0	1	
50.0 - 100.0	0	0	0	0	0	
100.0 - 500.0	0	0	0	0	0	
500 and over	0	0	0	0	0	
Total	30	1	10	74	36	15[illegible]
Total gross proceeds	36.2	.3	5.4	123.9	63.9	229.[illegible]
			Expenses as percent of proceeds			
Under 0.3	.9	--	8.7	9.5	5.7	7.[illegible]
0.3 - 0.5	7.1	--	6.3	4.8	3.1	5.[illegible]
0.5 - 1.0	3.5	--	1.5	4.1	2.4	3.[illegible]
1.0 - 2.0	1.3	--	2.8	2.1	1.8	2.[illegible]
2.0 - 5.0	1.1	2.3	--	1.4	1.5	1.[illegible]
5.0 - 10.0	--	--	--	4.4	.8	2.[illegible]
10.0 - 20.0	--	--	--	--	--	
20.0 - 50.0	--	--	--	--	.4	
50.0 - 100.0	--	--	--	--	--	
100.0 - 500.0	--	--	--	--	--	
500 and over	--	--	--	--	--	

1/ Includes communication.

Table B-7

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Offered directly by issuer)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	10	0	6	51	20	87
1.0 - 5.0	4	0	3	18	8	33
5.0 - 10.0	2	0	0	2	1	5
10.0 - 20.0	0	0	0	1	3	4
20.0 - 50.0	7	0	1	0	1	9
50.0 - 100.0	2	0	0	1	1	4
00.0 - 200.0	4	1	0	0	2	7
00.0 - 500.0	1	0	0	1	0	2
00 and over	0	0	0	0	0	0
nknown and foreign	0	0	0	0	0	0
otal	30	1	10	74	36	151
otal gross proceeds.......	36.2	.3	5.4	123.9	63.9	229.8
		Expenses as percent of proceeds				
Under 1.0	2.5	--	4.9	1.8	1.6	--
1.0 - 5.0	5.4	--	1.6	2.8	1.9	--
5.0 - 10.0	.9	--	--	2.3	1.2	--
10.0 - 20.0	--	--	--	2.3	9.7	--
20.0 - 50.0	.8	--	3.8	--	.6	--
50.0 - 100.0	.6	--	--	--	1.5	--
00.0 - 200.0	.5	2.3	--	--	.4	--
00.0 - 500.0	.8	--	--	--	--	--
00 and over	--	--	--	--	--	--
nknown and foreign	--	--	--	--	--	--

/ Includes communication.

Table B-8

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Secondary, offered directly by stockholders)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total Avera[illegible]
			Issues			
Under 0.3	7	0	1	2	8	[illegible]
0.3 - 0.5	6	1	0	0	1	[illegible]
0.5 - 1.0	8	1	0	1	4	[illegible]
1.0 - 2.0	8	0	3	1	5	[illegible]
2.0 - 5.0	6	2	0	2	3	[illegible]
5.0 - 10.0	2	0	0	0	1	[illegible]
10.0 - 20.0	3	0	0	0	0	[illegible]
20.0 - 50.0	3	0	0	0	0	[illegible]
50.0 - 100.0	0	0	0	0	0	[illegible]
100.0 - 500.0	0	1	0	0	0	[illegible]
500 and over	0	0	0	0	0	[illegible]
Total......................	43	5	4	6	22	[illegible]
Total gross proceeds........	176.3	214.0	3.5	6.5	19.5	419.[illegible]
			Expenses as percent of proceeds			
Under 0.3	4.8	--	2.2	1.4	6.9	[illegible]
0.3 - 0.5	3.6	.4	--	--	2.4	[illegible]
0.5 - 1.0	1.5	4.0	--	4.2	2.6	[illegible]
1.0 - 2.0	2.0	--	5.4	2.5	1.0	[illegible]
2.0 - 5.0	.6	1.1	--	1.1	.9	[illegible]
5.0 - 10.0	.2	--	--	--	.3	[illegible]
10.0 - 20.0	.5	--	--	--	--	[illegible]
20.0 - 50.0	.2	--	--	--	--	[illegible]
50.0 - 100.0	--	--	--	--	--	[illegible]
100.0 - 500.0	--	.1	--	--	--	[illegible]
500 and over	--	--	--	--	--	[illegible]

1/ Includes communication.

Table B-9

COSTS OF FLOTATION OF COMMON STOCK
BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Rights offering to stockholders)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3	4	0	1	1	0	6
0.3 - 0.5	2	1	1	7	4	15
0.5 - 1.0	2	6	1	13	3	25
1.0 - 2.0	14	7	1	19	6	47
2.0 - 5.0	6	16	0	16	1	39
5.0 - 10.0	2	6	1	5	1	15
10.0 - 20.0	2	6	1	1	0	10
20.0 - 50.0	3	8	0	0	0	11
50.0 - 100.0	0	3	0	0	0	3
100.0 - 500.0	1	4	0	0	0	5
500 and over	0	1	0	0	0	1
Total......................	36	58	6	62	15	177
Total gross proceeds........	451.5	2,417.2	23.8	131.8	20.2	3,044.5
		Expenses as percent of proceeds				
Under 0.3	3.4	--	11.3	6.4	--	5.1
0.3 - 0.5	7.5	6.5	4.2	3.3	2.3	4.0
0.5 - 1.0	5.6	2.6	17.8	3.5	4.8	4.0
1.0 - 2.0	3.5	2.2	2.1	2.8	3.6	3.0
2.0 - 5.0	4.4	1.7	--	1.8	.6	2.1
5.0 - 10.0	1.3	1.5	.6	1.5	.6	1.3
10.0 - 20.0	.8	1.0	1.5	.6	--	1.0
20.0 - 50.0	1.0	.7	--	--	--	.8
50.0 - 100.0	--	.4	--	--	--	.4
100.0 - 500.0	.4	.3	--	--	--	.3
500 and over	--	.4	--	--	--	.4

1/ Includes communication.

Table B-10

COSTS OF FLOTATION OF COMMON STOCK BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Rights offering to stockholders)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	5	1	4	15	3	28
1.0 - 5.0	7	2	1	26	3	39
5.0 - 10.0	6	5	0	8	2	21
10.0 - 20.0	5	1	0	0	1	7
20.0 - 50.0	3	11	0	8	4	26
50.0 - 100.0	3	7	1	0	1	12
100.0 - 200.0	2	10	0	2	0	14
200.0 - 500.0	3	4	0	2	0	9
500 and over	2	17	0	0	1	20
Unknown and foreign..................	0	0	0	1	0	1
Total......................	36	58	6	62	15	177
		Expenses as percent of proceeds				
Under 1.0	4.2	4.3	5.8	1.7	1.7	--
1.0 - 5.0	3.7	2.1	.6	2.5	1.9	--
5.0 - 10.0	5.1	2.0	--	2.2	2.5	--
10.0 - 20.0	1.8	5.6	--	--	.6	--
20.0 - 50.0	1.4	1.7	--	1.7	5.6	--
50.0 - 100.0	1.8	1.6	1.5	--	2.5	--
100.0 - 200.0	1.0	1.3	--	1.4	--	--
200.0 - 500.0	1.5	.7	--	2.6	--	--
500 and over	.4	.4	--	--	4.7	.4
Unknown and foreign..................	--	--	--	1.6	--	--

1/ Includes communication.

Table B-11

ITEMS OF EXPENSE
BY SIZE OF ISSUE AND ITEM: 1963 - 1965

(common stock)

Size of issue (in $ millions)

Expense item	Under 0.3	0.3-0.5	0.5-1.0	1.0-2.0	2.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-500.0	500 & over	Total
Frequency of each item of other expense												
SEC fees	18	39	81	123	126	42	18	19	5	6	1	478
Listing fees	0	0	0	3	5	4	5	10	3	4	1	35
Federal revenue stamps	15	27	71	107	116	34	18	16	5	6	1	416
State taxes and fees	9	25	66	109	109	38	15	18	4	3	0	396
Trustee's fees, etc	13	21	47	85	88	32	16	17	3	3	1	326
Printing and engraving	18	36	79	122	124	42	18	19	5	6	1	470
Legal	18	37	79	119	119	42	15	14	4	3	1	451
Accounting	18	35	77	115	115	40	16	19	5	6	0	446
Engineering, etc	1	4	3	4	2	1	0	1	0	0	0	16
Miscellaneous	17	36	76	121	122	41	18	19	5	6	1	462
All issues	18	39	81	123	126	42	18	19	5	6	1	478
Expense as percent of total other expenses of issuer for which such expense was incurred												
SEC fees	.239	.222	.271	.407	.671	.983	1.379	1.541	3.199	3.560	3.202	---
Listing fees	---	---	---	2.359	1.591	2.214	2.167	1.544	1.525	2.673	2.335	---
Federal revenue stamps	2.092	1.549	2.094	3.552	6.623	10.560	12.429	18.091	31.775	38.312	32.649	---
State taxes and fees	2.507	3.577	4.082	6.048	7.914	8.842	3.814	3.081	10.112	3.469	---	---
Trustee's fees, etc	5.497	3.532	7.018	6.280	11.987	8.886	30.360	20.016	28.723	25.115	1.742	---
Printing and engraving	20.940	17.761	21.454	20.849	19.551	21.877	19.736	19.934	23.576	15.460	7.895	---
Legal	42.378	42.578	39.051	36.095	28.614	23.188	16.977	11.141	6.455	6.013	.927	---
Accounting	18.505	18.910	18.551	17.114	12.421	12.518	10.085	13.769	2.611	1.279	.649	---
Engineering, etc	6.053	.548	9.618	12.202	6.250	3.261	---	4.500	---	---	---	---
Miscellaneous	10.697	21.296	14.654	13.531	19.719	18.992	11.250	17.252	6.699	13.445	50.604	---

Table C-1

COSTS OF FLOTATION OF CERTIFICATES OF PARTICIPATION BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total Avera[illegible]
			Issues			
Under 0.3	0	0	0	0	0	[illegible]
0.3 - 0.5	0	0	1	0	2	[illegible]
0.5 - 1.0	0	0	4	1	4	[illegible]
1.0 - 2.0	0	0	8	1	1	[illegible]
2.0 - 5.0	0	0	5	0	1	[illegible]
5.0 - 10.0	0	0	3	0	2	[illegible]
10.0 - 20.0	0	0	0	0	1	[illegible]
20.0 - 50.0	0	0	0	0	0	[illegible]
50.0 - 100.0	0	0	0	0	0	[illegible]
100.0 - 500.0	0	0	0	0	0	[illegible]
500 and over	0	0	0	0	0	[illegible]
Total	0	0	21	2	11	[illegible]
Total gross proceeds	0	0	44.5	1.8	33.7	[illegible]
			Compensation as percent of proceeds			
Under 0.3	--	--	--	--	--	[illegible]
0.3 - 0.5	--	--	7.0	--	10.7	[illegible]
0.5 - 1.0	--	--	6.2	--	8.6	[illegible]
1.0 - 2.0	--	--	5.0	6.0	3.8	[illegible]
2.0 - 5.0	--	--	5.2	--	15.0	[illegible]
5.0 - 10.0	--	--	3.5	--	9.5	[illegible]
10.0 - 20.0	--	--	--	--	7.7	[illegible]
20.0 - 50.0	--	--	--	--	--	[illegible]
50.0 - 100.0	--	--	--	--	--	[illegible]
100.0 - 500.0	--	--	--	--	--	[illegible]
500 and over	--	--	--	--	--	[illegible]
			Other expenses as percent of proceeds			
Under 0.3	--	--	--	--	--	[illegible]
0.3 - 0.5	--	--	1.8	--	1.4	[illegible]
0.5 - 1.0	--	--	2.2	--	2.2	[illegible]
1.0 - 2.0	--	--	1.5	1.8	1.9	[illegible]
2.0 - 5.0	--	--	.5	--	.3	[illegible]
5.0 - 10.0	--	--	.3	--	.6	[illegible]
10.0 - 20.0	--	--	--	--	.6	[illegible]
20.0 - 50.0	--	--	--	--	--	[illegible]
50.0 - 100.0	--	--	--	--	--	[illegible]
100.0 - 500.0	--	--	--	--	--	[illegible]
500 and over	--	--	--	--	--	[illegible]

1/ Includes communication.

Table C-2

COSTS OF FLOTATION OF CERTIFICATES OF PARTICIPATION BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Offered directly by issuer)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3	2	0	13	0	1	16
0.3 - 0.5	0	0	0	0	23	23
0.5 - 1.0	0	0	2	0	4	6
1.0 - 2.0	0	0	18	1	4	23
2.0 - 5.0	0	0	24	3	1	28
5.0 - 10.0	0	0	11	0	0	11
10.0 - 20.0	0	0	2	0	2	4
20.0 - 50.0	0	0	0	0	0	0
50.0 - 100.0	0	0	0	1	0	1
100.0 - 500.0	0	0	0	0	0	0
500 and over	0	0	0	0	0	0
Total.....................	2	0	70	5	35	112
			Expenses as percent of proceeds			
Under 0.3	2.3	--	.1	--	--	.3
0.3 - 0.5	--	--	--	--	1.5	1.5
0.5 - 1.0	--	--	1.7	--	3.0	2.6
1.0 - 2.0	--	--	2.1	.1	1.6	1.9
2.0 - 5.0	--	--	.6	.7	.6	.6
5.0 - 10.0	--	--	.2	--	--	.2
10.0 - 20.0	--	--	.1	--	.4	.3
20.0 - 50.0	--	--	--	--	--	--
50.0 - 100.0	--	--	--	.1	--	.1
100.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table C-3

COSTS OF FLOTATION OF CERTIFICATES OF PARTICIPATION BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Offered directly by issuer)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	0	0	63	2	33	98
1.0 - 5.0	1	0	4	3	2	10
5.0 - 10.0	1	0	2	0	0	3
10.0 - 20.0	0	0	0	0	0	0
20.0 - 50.0	0	0	1	0	0	1
50.0 - 100.0	0	0	0	0	0	0
100.0 - 200.0	0	0	0	0	0	0
200.0 - 500.0	0	0	0	0	0	0
500 and over	0	0	0	0	0	0
Unknown and foreign	0	0	0	0	0	0
Total	2	0	70	5	35	112
Total gross proceeds	.4	0	182.6	60.5	52.4	295.9
			Expenses as percent of proceeds			
Under 1.0	--	--	0.6	0.1	0.8	--
1.0 - 5.0	2.1	--	0.5	0.5	0.3	--
5.0 - 10.0	2.7	--	0.3	--	--	--
10.0 - 20.0	--	--	--	--	--	--
20.0 - 50.0	--	--	0.9	--	--	--
50.0 - 100.0	--	--	--	--	--	--
100.0 - 200.0	--	--	--	--	--	--
200.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--
Unknown and foreign	--	--	--	--	--	--

1/ Includes communication.

Table C-4

ITEMS OF EXPENSE
BY SIZE OF ISSUE AND ITEM: 1963 - 1965

(Certificates of participation)

Expense item	Under 0.3	0.3-0.5	0.5-1.0	1.0-2.0	2.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-500.0	500 & over	Total
	Size of issue (in $ millions)											
	Frequency of each item											
SEC fees......................	2	26	13	30	32	16	5	0	1	0	0	125
Listing fees..................	0	0	0	0	0	0	0	0	0	0	0	0
Federal revenue stamps........	0	0	0	1	3	1	1	0	0	0	0	6
State taxes and fees..........	0	5	9	23	25	14	5	0	0	0	0	81
Trustee's fees, etc...........	1	0	0	1	3	1	0	0	0	0	0	6
Printing and engraving........	0	24	13	29	30	16	5	0	1	0	0	118
Legal.........................	1	25	11	26	25	14	5	0	1	0	0	108
Accounting....................	1	2	9	25	25	12	5	0	1	0	0	80
Engineering, etc..............	0	0	1	0	0	0	0	0	0	0	0	1
Miscellaneous.................	1	20	8	24	20	14	5	0	1	0	0	93
All issues....................	2	26	13	30	32	16	5	0	1	0	0	125
	Expense as percent of total other expenses of issuer for which such expense was incurred											
SEC fees......................	1.316	.766	.417	.640	1.918	3.815	3.102	--	13.889	--	--	--
Listing fees..................	--	--	--	--	--	--	--	--	--	--	--	--
Federal revenue stamps........	--	--	--	3.000	1.500	16.667	7.231	--	--	--	--	--
State taxes and fees..........	--	5.546	4.031	6.086	8.718	9.338	7.763	--	--	--	--	--
Trustee's fees, etc...........	1.250	--	--	18.889	2.859	10.000	--	--	--	--	--	--
Printing and engraving........	--	13.091	18.331	13.240	20.000	22.944	13.242	--	5.556	--	--	--
Legal.........................	62.500	72.048	51.890	36.768	46.542	43.290	56.621	--	69.444	--	--	--
Accounting....................	12.500	9.921	9.868	6.085	10.133	10.051	11.233	--	4.167	--	--	--
Engineering, etc..............	--	--	2.767	--	--	--	--	--	--	--	--	--
Miscellaneous.................	23.100	20.810	46.736	44.859	32.200	15.601	5.893	--	6.944	--	--	--

Table D-1

COSTS OF FLOTATION OF PREFERRED STOCK
BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total Average
			Issues			
Under 0.3	1	0	0	4	0	[illegible]
0.3 - 0.5	0	0	0	1	0	[illegible]
0.5 - 1.0	0	0	0	1	0	[illegible]
1.0 - 2.0	0	0	0	1	3	[illegible]
2.0 - 5.0	2	1	0	1	2	[illegible]
5.0 - 10.0	0	17	0	0	0	[illegible]
10.0 - 20.0	1	10	0	0	0	[illegible]
20.0 - 50.0	1	4	0	0	0	[illegible]
50.0 - 100.0	0	2	0	1	0	[illegible]
100.0 - 500.0	0	0	0	0	0	[illegible]
500 and over	0	0	0	0	0	[illegible]
Total......................	5	34	0	9	5	[illegible]
Total gross proceeds.......	53.6	479.8	0	54.9	9.8	598.
			Compensation as percent of proceeds			
Under 0.3	10.3	--	--	5.8	--	6.
0.3 - 0.5	--	--	--	10.0	--	10.
0.5 - 1.0	--	--	--	8.0	--	8.
1.0 - 2.0	--	--	--	7.0	8.3	8.
2.0 - 5.0	4.3	3.8	--	7.5	4.8	4.
5.0 - 10.0	--	1.0	--	--	--	1.
10.0 - 20.0	2.0	1.4	--	--	--	1.
20.0 - 50.0	1.9	2.9	--	--	--	2.
50.0 - 100.0	--	1.3	--	1.8	--	1.
100.0 - 500.0	--	--	--	--	--	
500 and over	--	--	--	--	--	
			Other expenses as percent of proceeds			
Under 0.3	4.5	--	--	11.1	--	9
0.3 - 0.5	--	--	--	5.0	--	5
0.5 - 1.0	--	--	--	3.1	--	3
1.0 - 2.0	--	--	--	1.8	3.9	3
2.0 - 5.0	1.2	1.9	--	1.1	1.0	1
5.0 - 10.0	--	.6	--	--	--	
10.0 - 20.0	.3	.4	--	--	--	
20.0 - 50.0	.3	.5	--	--	--	
50.0 - 100.0	--	.3	--	.2	--	
100.0 - 500.0	--	--	--	--	--	
500 and over	--	--	--	--	--	

1/ Includes communication.

Table D-2

COSTS OF FLOTATION OF PREFERRED STOCK
BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	1	0	0	0	0	1
1.0 - 5.0	0	0	0	5	1	6
5.0 - 10.0	0	0	0	0	1	1
10.0 - 20.0	0	0	0	2	3	5
20.0 - 50.0	2	2	0	1	0	5
50.0 - 100.0	0	2	0	0	0	2
100.0 - 200.0	1	5	0	0	0	6
200.0 - 500.0	0	9	0	0	0	9
500 and over	1	16	0	1	0	18
Unknown and foreign	0	0	0	0	0	0
Total.....................	5	34	0	9	5	53
		Compensation as percent of proceeds				
Under 1.0	10.3	--	--	--	--	--
1.0 - 5.0	--	--	--	7.5	8.5	--
5.0 - 10.0	--	--	--	--	6.0	--
10.0 - 20.0	--	--	--	7.6	5.9	--
20.0 - 50.0	4.3	2.1	--	7.0	--	--
50.0 - 100.0	--	1.0	--	--	--	--
100.0 - 200.0	2.0	1.0	--	--	--	--
200.0 - 500.0	--	2.2	--	--	--	--
500 and over	1.9	1.4	--	1.8	--	--
Unknown and foreign	--	--	--	--	--	--
		Other expenses as percent of proceeds				
Under 1.0	4.5	--	--	--	--	--
1.0 - 5.0	--	--	--	8.5	4.4	--
5.0 - 10.0	--	--	--	--	2.9	--
10.0 - 20.0	--	--	--	1.7	1.7	--
20.0 - 50.0	1.2	1.0	--	1.8	--	--
50.0 - 100.0	--	.6	--	--	--	--
100.0 - 200.0	.3	.6	--	--	--	--
200.0 - 500.0	--	.5	--	--	--	--
500 and over	.3	.3	--	.2	--	--
Unknown and foreign	--	--	--	--	--	--

1/ Includes communication.

Table D-3

ITEMS OF EXPENSE
BY SIZE OF ISSUE AND ITEM: 1963 - 1965

(Preferred stock offerings)

Size of issue (in $ millions)

Expense item	Under 0.3	0.3- 0.5	0.5- 1.0	1.0- 2.0	2.0- 5.0	5.0- 10.0	10.0- 20.0	20.0- 50.0	50.0- 100.0	100.0- 500.0	500 & over
					Frequency of each item						
SEC fees......................	1	1	2	5	4	14	9	5	3	0	0
Listing fees..................	0	0	0	0	0	1	2	3	2	0	0
Federal revenue stamps........	0	1	2	3	4	13	9	5	3	0	0
State taxes and fees..........	1	0	2	5	4	11	8	5	3	0	0
Trustee's fees, etc...........	1	1	1	4	4	14	9	4	3	0	0
Printing and engraving........	1	1	2	5	4	14	9	5	3	0	0
Legal.........................	1	1	2	5	4	14	7	5	3	0	0
Accounting....................	1	1	2	5	4	14	9	5	3	0	0
Engineering, etc..............	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous.................	1	1	2	5	4	14	9	5	3	0	0
All issues....................	1	1	2	5	4	14	9	5	3	0	0
					Expense as percent of total other expenses of issuer for which such expense was incurred						
SEC fees......................	.079	.200	.417	.424	.718	1.676	2.333	2.156	3.889	--	--
Listing fees..................	--	--	--	--	--	19.643	1.637	7.393	3.761	--	--
Federal revenue stamps........	--	5.000	4.167	3.864	6.771	16.320	23.002	21.241	38.679	--	--
State taxes and fees..........	2.839	--	9.167	6.004	9.589	9.049	5.375	2.647	4.453	--	--
Trustee's fees, etc...........	4.258	3.500	1.489	2.782	3.973	3.024	13.545	14.571	1.202	--	--
Printing and engraving........	36.902	40.000	30.000	29.009	29.760	25.777	23.413	25.198	16.830	--	--
Legal.........................	45.418	30.000	36.667	38.278	31.164	21.326	19.704	16.890	16.726	--	--
Accounting....................	2.839	15.000	16.667	18.764	14.110	8.279	6.347	10.700	2.822	--	--
Engineering, etc..............	--	--	--	--	--	--	--	--	--	--	--
Miscellaneous.................	7.664	6.300	1.780	3.149	3.915	15.984	9.936	3.262	13.162	--	--

Table E-1

COST OF FLOTATION OF CONVERTIBLE BONDS BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3	2	0	0	0	0	2
0.3 - 0.5	1	0	0	0	1	2
0.5 - 1.0	2	0	0	0	2	4
1.0 - 2.0	12	0	0	2	10	24
2.0 - 5.0	12	1	4	1	15	33
5.0 - 10.0	7	1	2	0	5	15
10.0 - 20.0	4	0	0	0	1	5
20.0 - 50.0	6	0	0	0	1	7
50.0 - 100.0	1	1	0	2	0	4
100.0 - 500.0	1	0	0	0	0	1
500 and over	0	0	0	0	0	0
Total......................	48	3	6	5	35	97
Total gross proceeds.......	499.2	88.1	20.5	120.9	133.4	682.1
		Compensation as percent of proceeds				
Under 0.3	10.2	--	--	--	--	10.2
0.3 - 0.5	6.0	--	--	--	6.5	6.2
0.5 - 1.0	5.9	--	--	--	6.6	6.3
1.0 - 2.0	7.1	--	--	12.0	7.3	7.6
2.0 - 5.0	3.4	1.5	5.3	4.0	5.1	4.3
5.0 - 10.0	3.6	1.5	3.3	--	3.8	3.4
10.0 - 20.0	1.8	--	--	--	4.3	2.3
20.0 - 50.0	1.3	--	--	--	1.1	1.3
50.0 - 100.0	1.1	.9	--	2.0	--	1.5
100.0 - 500.0	1.1	--	--	--	--	1.1
500 and over	--	--	--	--	--	--
		Other expenses as percent of proceeds				
Under 0.3	6.7	--	--	--	--	6.7
0.3 - 0.5	6.2	--	--	--	10.0	8.0
0.5 - 1.0	4.9	--	--	--	2.3	3.6
1.0 - 2.0	3.6	--	--	2.1	4.4	3.8
2.0 - 5.0	1.6	1.1	2.4	1.1	2.2	1.9
5.0 - 10.0	1.2	.7	1.4	--	1.4	1.2
10.0 - 20.0	.7	--	--	--	3.4	1.2
20.0 - 50.0	.4	--	--	--	.4	.4
50.0 - 100.0	.3	.3	--	.4	--	.3
100.0 - 500.0	.3	--	--	--	--	.3
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table E-2

COSTS OF FLOTATION OF CONVERTIBLE BONDS
BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	2	0	0	0	1	3
1.0 - 5.0	11	0	3	2	4	20
5.0 - 10.0	6	0	0	0	9	15
10.0 - 20.0	9	0	1	1	10	21
20.0 - 50.0	7	1	2	1	7	18
50.0 - 100.0	4	0	0	0	2	6
100.0 - 200.0	3	0	0	1	0	4
200.0 - 500.0	5	1	0	0	1	[illegible]
500 and over	1	1	0	0	1	[illegible]
Unknown and foreign	0	0	0	0	0	
Total......................	48	3	6	5	35	[illegible]
			Compensation as percent of proceeds			
Under 1.0	6.7	--	--	--	7.5	
1.0 - 5.0	6.8	--	5.3	2.6	8.3	
5.0 - 10.0	6.2	--	--	--	5.2	
10.0 - 20.0	3.3	--	5.0	18.2	5.3	
20.0 - 50.0	2.8	1.5	2.8	4.0	4.2	
50.0 - 100.0	2.6	--	--	--	4.7	
100.0 - 200.0	1.4	--	--	1.6	--	
200.0 - 500.0	1.3	1.5	--	--	1.1	
500 and over	1.1	0.9	--	--	4.2	
Unknown and foreign	--	--	--	--	--	
			Other expenses as percent of proceeds			
Under 1.0	2.6	--	--	--	2.4	
1.0 - 5.0	4.3	--	2.7	0.3	3.8	
5.0 - 10.0	3.0	--	--	--	2.7	
10.0 - 20.0	1.5	--	1.8	0.4	2.4	
20.0 - 50.0	.9	1.1	1.1	1.1	1.7	
50.0 - 100.0	1.0	--	--	--	2.1	
100.0 - 200.0	.4	--	--	0.5	--	
200.0 - 500.0	.4	0.7	--	--	0.4	
500 and over	.3	0.3	--	--	3.4	
Unknown and foreign	--	--	--	--	--	

1/ Includes communication.

Table E-3

COSTS OF FLOTATION OF CONVERTIBLE BONDS
BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Rights offerings to stockholders)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3	0	0	0	0	0	0
0.3 - 0.5	0	0	0	0	0	0
0.5 - 1.0	0	0	0	1	0	1
1.0 - 2.0	3	0	1	0	3	7
2.0 - 5.0	0	0	0	1	1	2
5.0 - 10.0	2	0	0	0	3	5
10.0 - 20.0	2	0	2	0	2	6
20.0 - 50.0	1	0	0	0	1	2
50.0 - 100.0	2	0	0	0	2	4
100.0 - 500.0	0	0	0	0	0	0
500 and over	0	0	0	0	0	0
Total.....................	10	0	3	2	12	27
Total gross proceeds.......	248.0	0	30.2	4.5	197.8	480.6
			Expenses as percent of proceeds			
Under 0.3	--	--	--	--	--	--
0.3 - 0.5	--	--	--	--	--	--
0.5 - 1.0	--	--	--	2.5	--	2.5
1.0 - 2.0	4.5	--	1.3	--	2.5	3.2
2.0 - 5.0	--	--	--	2.0	1.5	1.8
5.0 - 10.0	1.9	--	--	--	1.6	1.7
10.0 - 20.0	.9	--	1.2	--	.8	.9
20.0 - 50.0	.7	--	--	--	1.1	.8
50.0 - 100.0	.5	--	--	--	.6	.6
100.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table E-4

COSTS OF FLOTATION OF CONVERTIBLE BONDS
BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Rights offerings to stockholders)

Asset size (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
			Issues			
Under 1.0	0	0	0	1	0	1
1.0 - 5.0	0	0	0	0	2	2
5.0 - 10.0	2	0	0	0	1	3
10.0 - 20.0	1	0	1	0	1	3
20.0 - 50.0	0	0	1	1	1	3
50.0 - 100.0	2	0	1	0	1	4
100.0 - 200.0	2	0	0	0	1	3
200.0 - 500.0	0	0	0	0	2	2
500 and over	3	0	0	0	3	6
Unknown and foreign	0	0	0	0	0	0
Total......................	10	0	3	2	12	27
		Expenses as percent of proceeds				
Under 1.0	--	--	--	2.5	--	--
1.0 - 5.0	--	--	--	--	3.1	--
5.0 - 10.0	2.7	--	--	--	1.5	--
10.0 - 20.0	8.6	--	1.3	--	1.4	--
20.0 - 50.0	--	--	1.3	2.0	1.5	--
50.0 - 100.0	1.1	--	1.1	--	1.7	--
100.0 - 200.0	1.4	--	--	--	0.8	--
200.0 - 500.0	--	--	--	--	0.9	--
500 and over	0.6	--	--	--	0.7	--
Unknown and foreign	--	--	--	--	--	--

1/ Includes communication.

Table E-5

ITEMS OF EXPENSE
BY SIZE OF ISSUE AND ITEM: 1963 - 1965

(Convertible bonds)

Expense item	Under 0.3	0.3-0.5	0.5-1.0	1.0-2.0	2.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-500.0	500 & over	Total
	Size of issue (in $ millions)											
	Frequency of each item											
SEC fees......................	0	1	1	21	28	16	9	7	7	1	0	91
Listing fees..................	0	0	0	0	1	5	4	7	6	0	0	23
Federal revenue stamps........	0	1	1	18	25	16	8	7	6	1	0	83
State taxes and fees..........	0	1	1	18	27	14	8	6	6	1	0	82
Trustee's fees, etc...........	0	1	1	20	24	16	9	6	7	1	0	85
Printing and engraving........	0	1	1	21	28	16	9	7	7	1	0	91
Legal.........................	0	1	1	21	27	15	9	6	6	1	0	87
Accounting....................	0	1	1	21	27	16	9	7	7	1	0	90
Engineering, etc..............	0	0	0	0	1	1	2	0	0	0	0	4
Miscellaneous.................	0	1	1	21	28	16	9	7	7	1	0	91
All issues....................	0	1	1	21	28	16	9	7	7	1	0	91
	Expense as percent of total other expenses of issuer for which such expense was incurred											
SEC fees......................	--	.161	.200	.260	.590	.764	1.151	2.000	2.213	3.992	--	--
Listing fees..................	--	--	--	--	8.997	3.287	1.736	2.505	2.923	--	--	--
Federal revenue stamps........	--	.804	1.974	2.499	6.186	8.239	13.108	20.858	21.911	42.843	--	--
State taxes and fees..........	--	3.571	.526	3.648	6.217	5.128	3.856	2.349	2.949	1.558	--	--
Trustee's fees, etc...........	--	3.571	3.947	4.245	5.590	12.486	16.467	22.962	25.341	10.711	--	--
Printing and engraving........	--	16.071	28.947	26.010	34.175	29.470	29.376	29.161	29.542	25.316	--	--
Legal.........................	--	62.500	26.316	37.26[illegible]	26.531	24.086	19.710	11.595	10.644	7.790	--	--
Accounting....................	--	10.714	23.684	18.446	13.550	11.083	8.389	9.276	5.578	5.842	--	--
Engineering, etc..............	--	--	--	--	8.607	3.077	2.547	--	--	--	--	--
Miscellaneous.................	--	2.607	14.405	8.512	8.980	9.577	9.416	2.389	1.120	1.947	--	--

Table F-1

COSTS OF FLOTATION OF UNIT OFFERINGS BY SIZE OF ISSUE AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Size of issue (in $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total or Average
			Issues			
Under 0.3	1	0	0	1	0	2
0.3 - 0.5	0	0	0	0	0	0
0.5 - 1.0	2	0	0	2	2	6
1.0 - 2.0	6	0	0	0	6	12
2.0 - 5.0	4	1	1	2	4	12
5.0 - 10.0	1	0	0	2	3	6
10.0 - 20.0	0	0	1	0	0	1
20.0 - 50.0	0	0	0	0	0	0
50.0 - 100.0	0	0	0	0	0	0
100.0 - 500.0	0	0	0	0	0	0
500 and over	0	0	0	0	0	0
Total......................	14	1	2	7	15	39
Total gross proceeds.......	27.1	2.9	16.1	20.2	37.6	103.9
			Compensation as percent of proceeds			
Under 0.3	9.8	--	--	6.2	--	8.0
0.3 - 0.5	--	--	--	--	--	--
0.5 - 1.0	9.9	--	--	10.0	10.2	10.0
1.0 - 2.0	9.6	--	--	--	9.0	9.3
2.0 - 5.0	8.2	9.0	8.0	11.9	10.6	9.8
5.0 - 10.0	5.7	--	--	5.7	4.9	5.3
10.0 - 20.0	--	--	3.5	--	--	3.5
20.0 - 50.0	--	--	--	--	--	--
50.0 - 100.0	--	--	--	--	--	--
100.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--
			Other expenses as percent of proceeds			
Under 0.3	4.4	--	--	4.7	--	4.5
0.3 - 0.5	--	--	--	--	--	--
0.5 - 1.0	5.2	--	--	4.3	10.3	6.5
1.0 - 2.0	3.4	--	--	--	3.2	3.3
2.0 - 5.0	2.4	2.2	2.8	.9	1.8	1.9
5.0 - 10.0	.9	--	--	1.0	1.2	1.0
10.0 - 20.0	--	--	1.1	--	--	1.1
20.0 - 50.0	--	--	--	--	--	--
50.0 - 100.0	--	--	--	--	--	--
100.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--

1/ Includes communication.

Table F-2

COSTS OF FLOTATION OF UNIT OFFERINGS
BY SIZE OF FIRM AND INDUSTRY: 1963 - 1965

(Primary offerings through securities dealers)

Asset size (In $ millions)	Manufacturing	Public Utility 1/	Extractive	Financial	Other	Total
Issues						
Under 1.0	1	0	0	3	4	8
1.0 - 5.0	10	1	0	2	5	16
5.0 - 10.0	3	0	1	1	5	10
10.0 - 20.0	0	0	0	0	2	2
20.0 - 50.0	0	0	1	0	1	2
50.0 - 100.0	0	0	0	1	0	1
100.0 - 200.0	0	0	0	0	0	0
200.0 - 500.0	0	0	0	0	0	0
500 and over	0	0	0	0	0	0
Unknown and foreign	0	0	0	0	0	0
Total	14	1	2	7	15	39
Compensation as percent of proceeds						
Under 1.0	9.8	--	--	11.6	13.7	--
1.0 - 5.0	8.0	9.0	--	10.0	7.9	--
5.0 - 10.0	7.7	--	8.0	6.2	5.4	--
10.0 - 20.0	--	--	--	--	6.7	--
20.0 - 50.0	--	--	3.5	--	10.0	--
50.0 - 100.0	--	--	--	2.8	--	--
100.0 - 200.0	--	--	--	--	--	--
200.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--
Unknown and foreign	--	--	--	--	--	--
Other expenses as percent of proceeds						
Under 1.0	4.4	--	--	1.6	1.2	--
1.0 - 5.0	2.4	2.2	--	1.2	6.5	--
5.0 - 10.0	2.2	--	2.8	4.7	1.9	--
10.0 - 20.0	--	--	--	--	1.5	--
20.0 - 50.0	--	--	1.1	--	7.4	--
50.0 - 100.0	--	--	--	1.1	--	--
100.0 - 200.0	--	--	--	--	--	--
200.0 - 500.0	--	--	--	--	--	--
500 and over	--	--	--	--	--	--
Unknown and foreign	--	--	--	--	--	--

1/ Includes communication.

Table F-3

ITEMS OF EXPENSE
BY SIZE OF ISSUE AND ITEM: 1963 - 1965

(Unit offerings)

Expense item	Size of issue (in $ millions) Under 0.3	0.3-0.5	0.5-1.0	1.0-2.0	2.0-5.0	5.0-10.0	10.0-20.0	20.0-50.0	50.0-100.0	100.0-500.0	500 & over	Total
					Frequency of each item							
SEC fees......................	1	0	5	6	6	0	2	0	0	0	0	20
Listing fees..................	0	0	0	0	0	0	0	0	0	0	0	0
Federal revenue stamps........	1	0	4	4	6	0	2	0	0	0	0	17
State taxes and fees..........	1	0	5	3	5	0	2	0	0	0	0	16
Trustee's fees, etc...........	0	0	4	5	5	0	2	0	0	0	0	16
Printing and engraving........	1	0	5	5	6	0	2	0	0	0	0	19
Legal.........................	1	0	5	5	6	0	2	0	0	0	0	19
Accounting....................	1	0	5	5	6	0	2	0	0	0	0	19
Engineering, etc..............	0	0	0	1	1	0	0	0	0	0	0	2
Miscellaneous.................	1	0	4	6	6	0	2	0	0	0	0	19
All issues....................	1	0	5	6	6	0	2	0	0	0	0	20
					Expense as percent of total other expenses of issuer for which such expense was incurred							
SEC fees......................	.380	--	.237	.266	.560	--	.988	--	--	--	--	--
Listing fees..................	--	--	--	--	--	--	--	--	--	--	--	--
Federal revenue stamps........	3.857	--	2.284	2.301	5.159	--	11.208	--	--	--	--	--
State taxes and fees..........	.656	--	2.587	4.759	7.497	--	3.663	--	--	--	--	--
Trustee's fees, etc...........	--	--	3.077	5.321	6.357	--	7.958	--	--	--	--	--
Printing and engraving........	13.118	--	23.965	22.448	28.774	--	24.170	--	--	--	--	--
Legal.........................	72.150	--	42.484	25.375	31.213	--	41.105	--	--	--	--	--
Accounting....................	6.559	--	22.603	31.965	14.426	--	8.221	--	--	--	--	--
Engineering, etc..............	--	--	--	2.485	3.704	--	--	--	--	--	--	--
Miscellaneous.................	3.280	--	4.328	15.218	5.438	--	2.687	--	--	--	--	--

1. Cost of Flotation for Small Issues, 1925-1929 and 1935-1938, published May, 1940.

    This report compared cost of flotation of debt issues and preferred stock in two periods, one before and one after the enactment of the 1933 Act. Issues of less than $5 million publicly offered for cash sale through investment bankers were covered.

2. Cost of Flotation for Registered Securities, 1938-1939, published March, 1941.

    All types and sizes of registered issues were included. This report was supplemented for the years 1940 and 1941 by Statistical Series Releases 572 and 715.

3. Cost of Flotation of Equity Securities of Small Companies (Statistical Series Release No. 744), published October, 1944.

    Equity securities of companies with assets of less than $5 million registered in the period January 1, 1938 through June 30, 1944 were covered. Issues of mining companies were excluded.

4. Cost of Flotation, 1945-1949, published February, 1951.

    A general study of registered issues.

5. Quarterly Reports on Cost of Flotation for 1950, 1951 and the first two quarters of 1952.

    Registered issues were listed individually with their costs of flotation.

6. Privately-Placed Securities - Cost of Flotation, published September, 1952.

    A study of privately-placed issues in 1947, 1949 and 1950.

7. Cost of Flotations of Corporate Securities 1951-1955, published June, 1957.

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